



THE NEW OLD WEST
EL PASO
TEXAS



THE NEW OLD WEST



THE NEW OLD WEST



THE NEW OLD WEST



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EL PASO PROFILE AND ECONOMIC SUMMARY 2002

The New Old West

EL PASO



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DISTRICT #8 (WEST/SOUTH)

CITY OF EL PASO

DEPARTMENT OF ECONOMIC DEVELOPMENT

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TABLE OF CONTENTS

DEMOGRAPHICS AND EDUCATION

DEMOGRAPHICS	1
POPULATION PROJECTIONS	1
POPULATION OVERVIEWS	2
INCOME	3
EDUCATION	5
SCHOOL DISTRICTS	6
HIGHER EDUCATION	7

ECONOMIC OVERVIEW

EXECUTIVE SUMMARY	12
SERVICES	16
MANUFACTURING	22
TRADE	25
GOVERNMENT	30
TRANSPORTATION, COMMUNICATIONS AND PUBLIC UTILITIES	32
AGRICULTURE, MINING AND CONSTRUCTION	34
CONSTRUCTION	35
FINANCE, INSURANCE AND REAL ESTATE	36

INFRASTRUCTURE, LOCATION AND UTILITIES

LOCATION	38
TRANSPORTATION INFRASTRUCTURE	39
UTILITIES	45
TAX STRUCTURE	49
REAL ESTATE	50

FINANCING & BUSINESS INCENTIVES

FINANCING AND BUSINESS INCENTIVES	52
FINANCING	53
WORKFORCE DEVELOPMENT PROGRAMS	55



TABLE OF CONTENTS

JUAREZ

JUAREZ MAQUILADORA PROGRAM	56
JUAREZ LABOR FORCE	59
JUAREZ INDUSTRIAL FACILITIES	61
JUAREZ UTILITIES	62
FREQUENTLY ASKED QUESTIONS	63

QUALITY OF LIFE

QUALITY OF LIFE	64
TOURIST ATTRACTIONS AND POINTS OF LOCAL INTEREST	66

INDEX

RESOURCES ON THE WEB	71
ACKNOWLEDGEMENTS	73

BUILDING OUR FUTURE, TOGETHER



EL PASO'S ECONOMIC DEVELOPMENT PARTNERSHIP

In March 2002, the City of El Paso and the Greater El Paso Chamber of Commerce formed a public/private partnership. The partnership committed itself to building for the future through a shared vision based on this region's strengths. Since that time, the Alliance has reorganized economic development activities, streamlined operations and eliminated redundancies in the partner organizations in order to better serve the community. Today, the City and the Chamber are joined together, communicating and working cooperatively toward a common vision for economic growth in the El Paso del Norte region.

What this means to your company is that local business and government will work hand-in-hand to ensure that you begin operations as quickly and efficiently as possible.

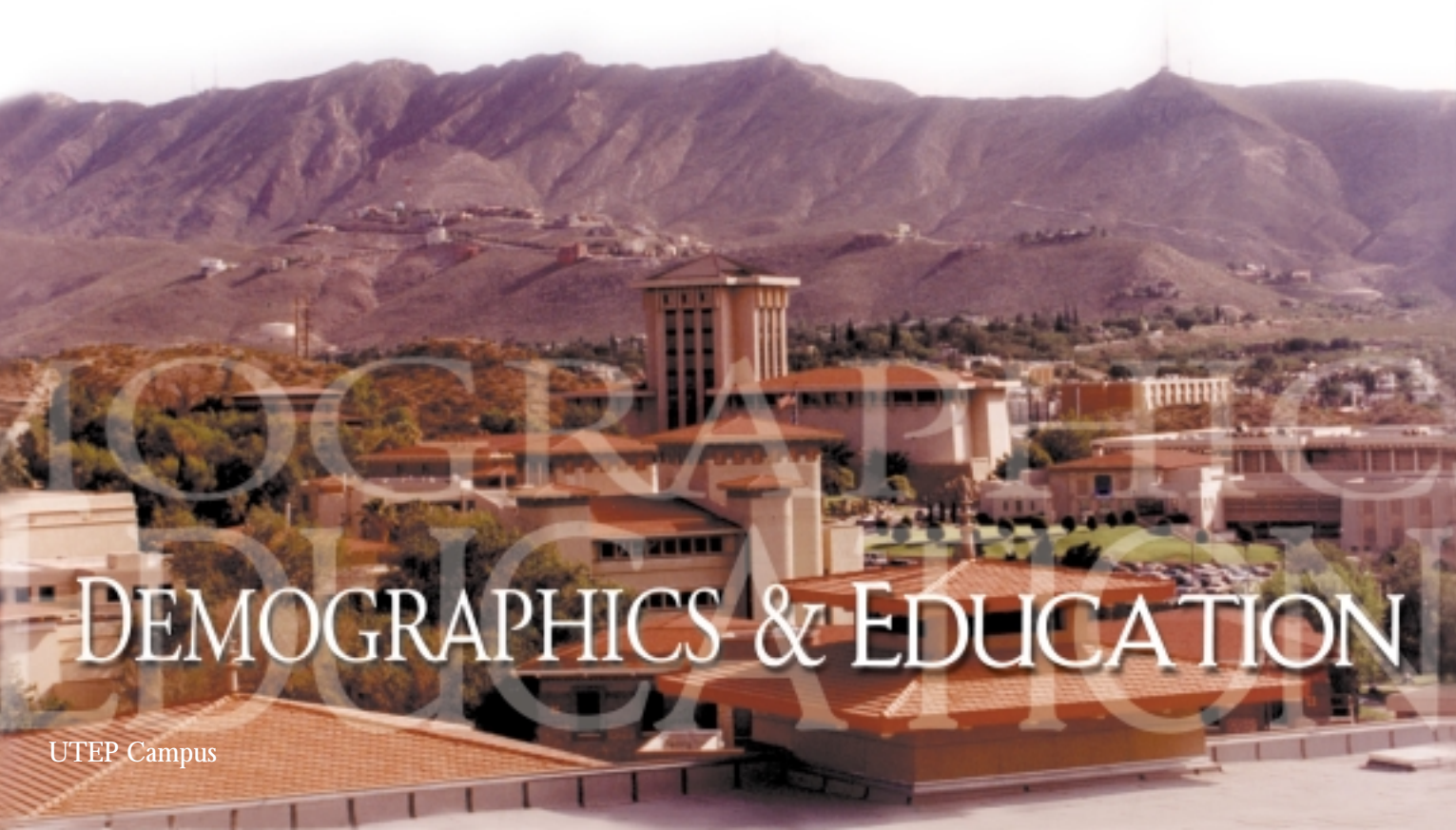
The Alliance looks forward to working with you toward locating or expanding your business in our community. Our location on the U.S.-Mexico border and the interconnectedness between El Paso and Juárez creates advantages and opportunities for companies competing in a global market. The Alliance partnership brings together public resources and private sector efficiencies to best serve your company. Please let our organizations facilitate your move.

Without a doubt, the benefits of locating in the El Paso-Juárez, southern New Mexico region will prove profitable for your company.

"These partnership arrangements are pragmatic solutions to the need for more coordination and cooperation in many American cities. Partnerships are governance strategies as well; they enhance cities' problem-solving capacities and strengthen integration of different institutional or relational webs within cities."

Norman Walzer

Public/Private Partnerships for Local Economic Development



DEMOGRAPHICS

The City of El Paso, Texas, situated on the border with Mexico, features a scenic landscape and friendly population highly regarded for its unique cultural blend. Founded over four centuries ago as an outpost for traders and missionaries in the West, El Paso's dynamic growth has been credited to the development of an integrated international trade region with Ciudad Juárez, Mexico long before free trade zones and global markets flourished. According

to Census 2000, El Paso is currently the fifth largest city in the state of Texas and the 23rd largest city in the United States. Ciudad Juárez, El Paso's sister city across the border, is the largest city in the state of Chihuahua and the fifth largest city in all of Mexico.

Official statistics indicate that the overall population of El Paso County increased by 88,012 (15%) to 679,622 over the

past ten years, with much of that growth occurring in the suburbs and outlying areas. Within the city limits, the population increased about 9.5%, but outside the city limits, including such communities as San Elizario, Vinton, Fabens and Horizon City, the population increased about 52% from 1990 to 2000.

YEAR	POPULATION				COMBINED POPULATION
	EL PASO CITY	EL PASO COUNTY	OUTSIDE CITY OF EL PASO	CD. JUÁREZ, MEXICO	
1990	515,342	591,610	76,268	798,499	1,390,109
2000	563,662	679,622	115,961	1,203,794*	1,883,416*

*Estimates

Sources: 1990 and 2000 Census

POPULATION PROJECTIONS

The El Paso MSA* population is projected to surpass 700,000 in 2002, with regional population expected to exceed 850,000 by 2012. The forecast is for local population to rise at a compound annual rate of 1.86% over the next ten years.

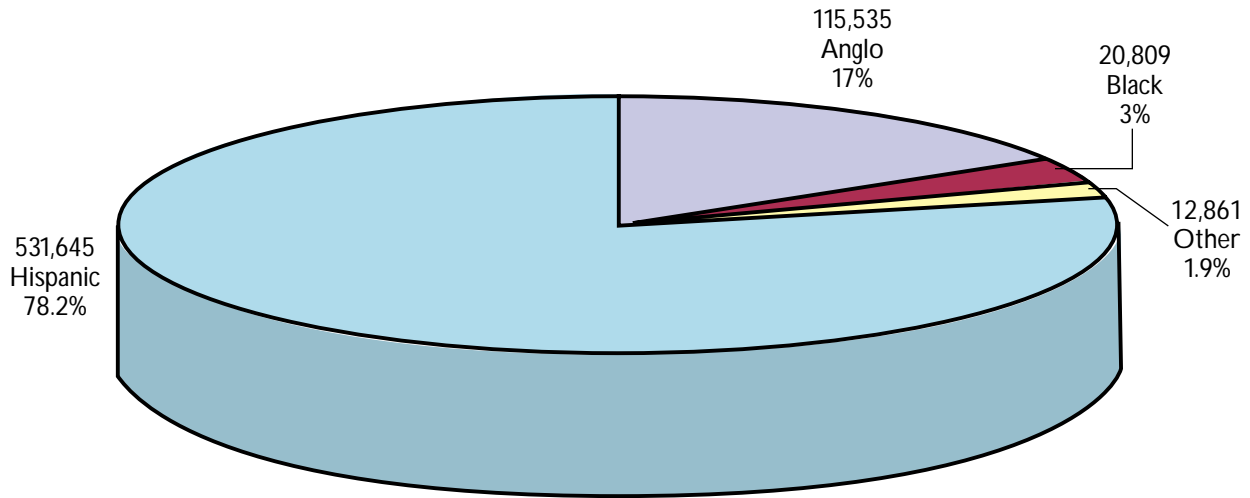
*The El Paso Metropolitan Statistical Area is a single-county MSA composed entirely of El Paso County.

POPULATION PROJECTIONS EL PASO MSA											
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
694,389	706,957	719,824	732,997	746,484	760,294	774,435	788,917	803,749	818,940	834,500	850,439

Source: Texas Perspectives Inc., July 2002

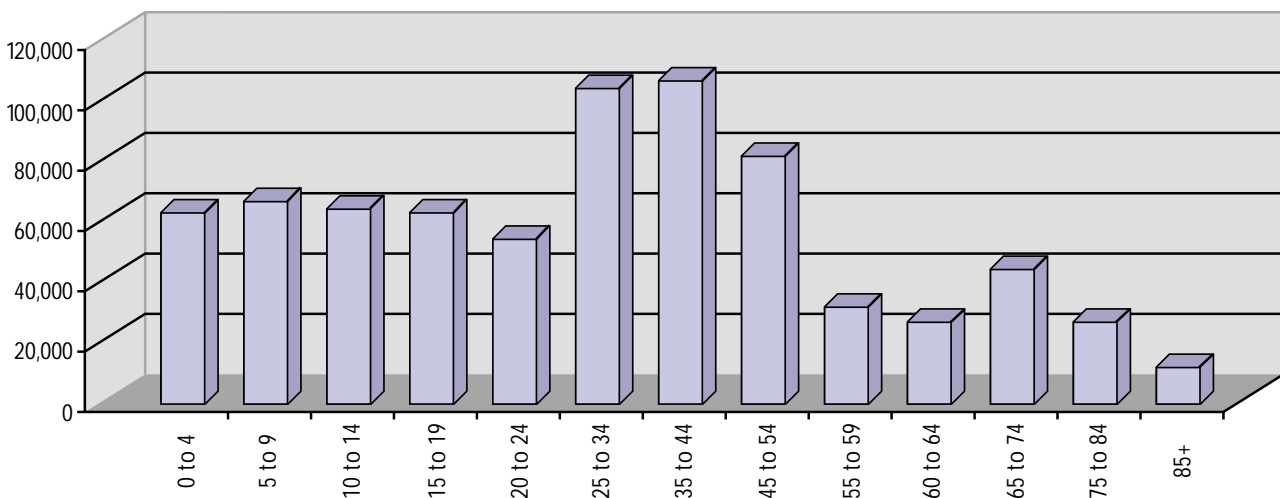
POPULATION OVERVIEWS

**EL PASO COUNTY POPULATION BY RACE AND ETHNICITY
CENSUS 2000**



Source: U.S. Census Bureau, Census 2000

**EL PASO COUNTY POPULATION BY AGE
CENSUS 2000**

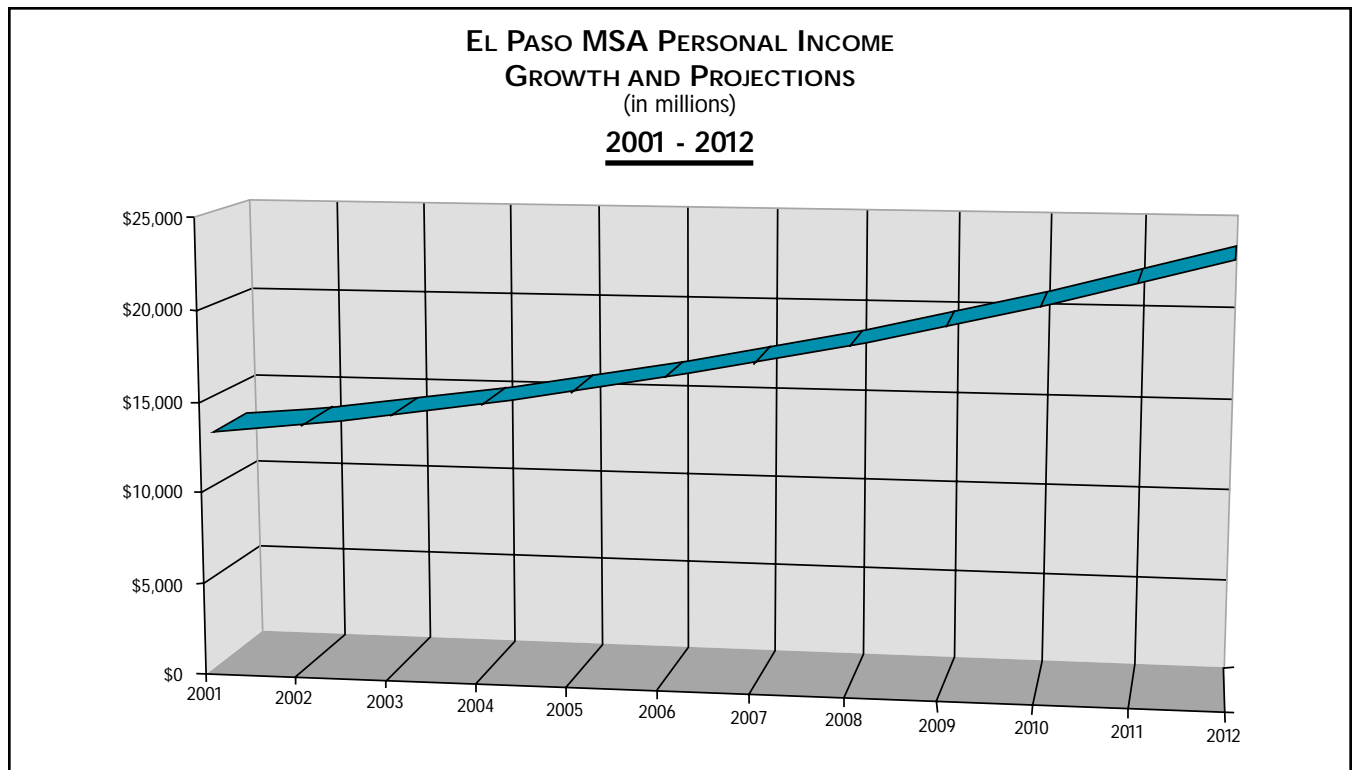


Source: U.S. Census Bureau, Census 2000

INCOME

A combination of increased economic activity and a growing population will drive the rate of personal income expansion, as the forecast is for a compound annual growth rate of 5.7% for the El Paso MSA for the next ten years. In the year 2006, local personal income is expected to reach

over \$16 billion. Moreover, El Paso will maintain its status as the hub of the border economy, contributing hundreds of millions per year to workers from Doña Ana and Otero counties in New Mexico, as well as to jobholders in Ciudad Juárez.



Source: Texas Perspectives Inc., July 2002

EL PASO MSA PERSONAL INCOME GROWTH AND PROJECTIONS (in millions) <u>2001 - 2012</u>											
2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
\$13,040	\$13,543	\$14,168	\$14,923	\$15,740	\$16,619	\$17,565	\$18,583	\$19,680	\$20,864	\$22,143	\$23,526

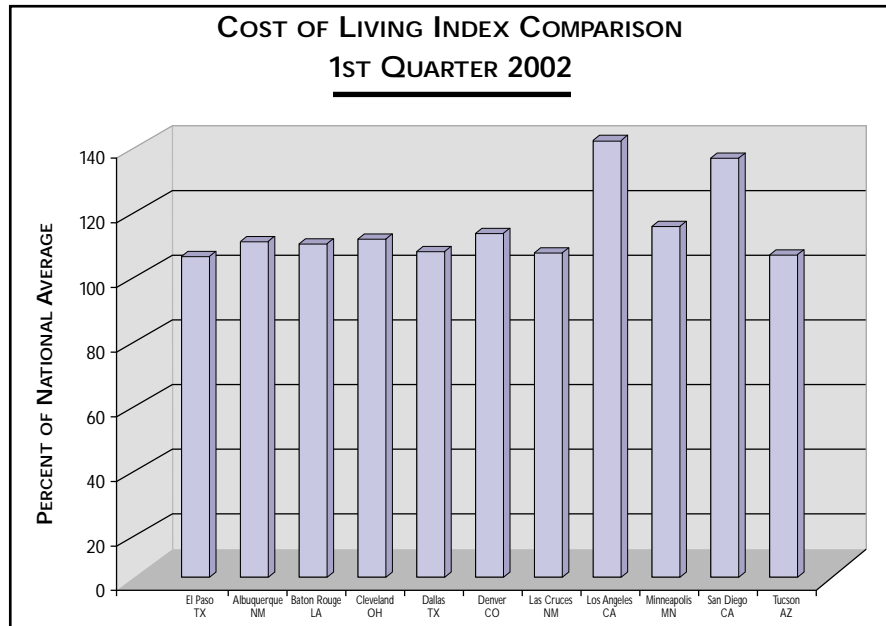
Source: Texas Perspectives Inc., July 2002

El Paso residents enjoy an average cost of living compared to other cities in the United States. Combined with its growing size and numerous points of cultural and scenic interest, the El Paso area offers businesses a thriving community coupled with a pleasant and affordable cost of living.

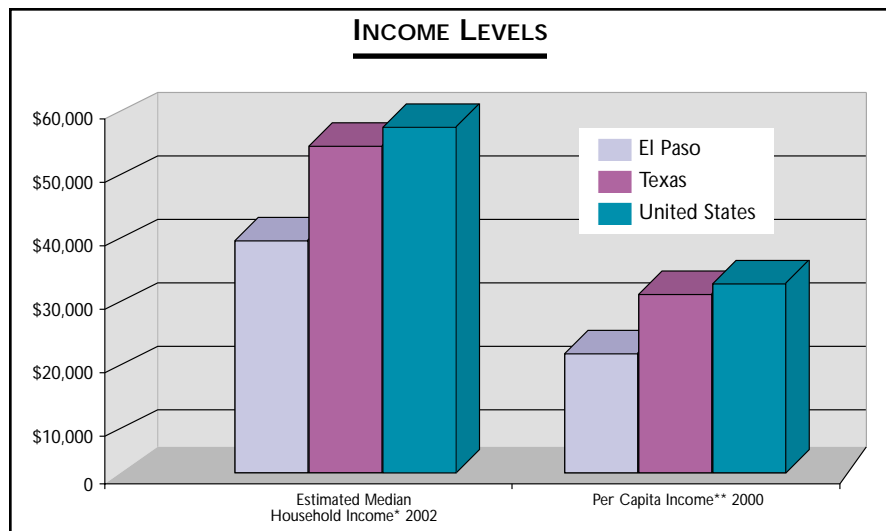
COST OF LIVING INDEX COMPARISON 1ST QUARTER 2002

El Paso, TX	99.1
Albuquerque, NM	103.7
Baton Rouge, LA	103.0
Cleveland, OH	104.8
Dallas, TX	100.6
Denver, CO	106.5
Las Cruces, NM	100.2
Los Angeles, CA	135.3
Minneapolis, MN	108.2
San Diego, CA	129.8
Tucson, AZ	99.6

Source: ACCRA Cost of Living Index, 1st Quarter 2002
Figures are percent of national average.
National average = 100.



Source: ACCRA Cost of Living Index, 1st Quarter 2002



*Source: Department of Housing and Urban Development, Estimated Median Family Income, 2002

**Source: U.S. Census Bureau, 2000 levels

For detailed demographic information, visit the U.S. Census Bureau's website at <http://www.census.gov> or contact the Department of Planning, Research and Development, City of El Paso, at 541-4721.

INCOME LEVELS

	ESTIMATED MEDIAN HOUSEHOLD INCOME* 2002	PER CAPITA INCOME** 2000
El Paso	\$36,300	\$18,535
Texas	\$51,400	\$27,752
United States	\$54,400	\$29,469

*Source: Department of Housing and Urban Development, www.huduser.org

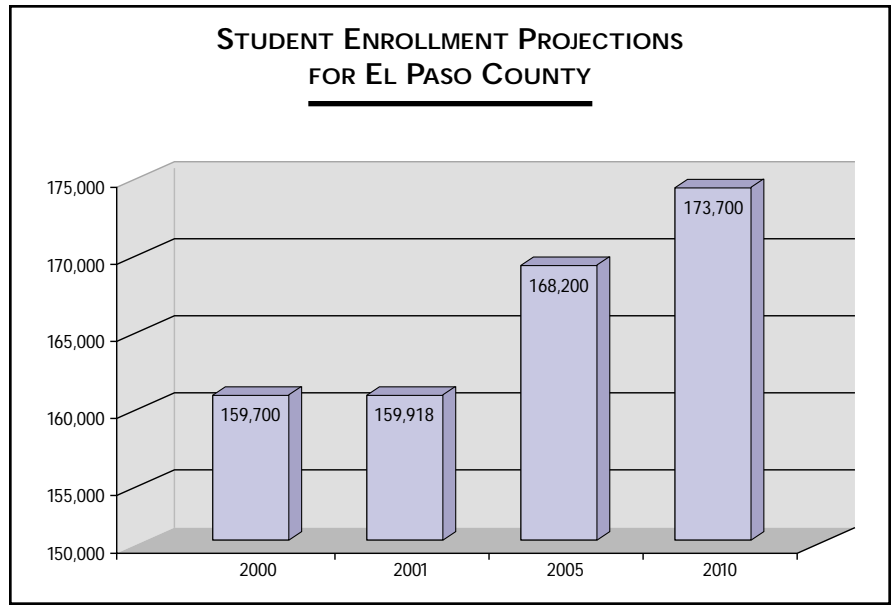
**Source: U.S. Census Bureau, Census 2000

EDUCATION

Workforce development continues to be a major priority in El Paso, and academic institutions have been working closely with the community to improve education in the area. Conditions in the region have presented a number of challenges to El Paso schools, and unique opportunities have arisen from the border experience as well.

For example, El Paso's population consists of a large number of young people, and school districts have been challenged with limited funds and resources. However, recent state funding reforms have allowed public schools in the area to better confront the challenge of educating El Paso's youth. In the past several years, many schools in these districts have received federal and state recognition for student performance and innovative programs.

Institutions of higher learning are integrated with the community, offering numerous academic programs and research centers. Many of these research programs are in conjunction with institutions in Cd. Juárez, focusing on issues specific to the border region.



Source: U.S. Census projections & growth rates calculated from the Texas Education Agency.

El Paso County has nine school districts, three of which serve the city of El Paso. By 2010, enrollment in El Paso County schools will increase by approximately 13,500 students, from 159,918 to 173,700.



SOCORRO INDEPENDENT SCHOOL DISTRICT

The Socorro Independent School District serves the towns of Socorro and Horizon City, Texas, and the eastern portion of the city of El Paso. The district has 18 elementary schools, nine middle schools, three high schools, one early childhood center, one alternative school and a community education program. SISD has increased the efficiency of all schools by implementing a year-round multi-track schedule. The district forecasts that 56,700 students will attend its schools by 2010, up from 28,268 in 2001.

In recent years, the Socorro District has had several schools recognized as National Blue Ribbon Schools. Students in the Socorro District can earn the following certifications: Certified Nursing Assistant, Cosmetology, Security Service, Cisco Certification, A+ Certification and Microsoft Certification. SISD also has a four-year Health Profession Academy, and next year it will add a Pharmacy Tech certification program.



EL PASO INDEPENDENT SCHOOL DISTRICT

The El Paso Independent School District, established in 1881, is the largest school district in El Paso and the seventh largest in Texas, with an enrollment of 62,844 students. The district has 77 regular PK-12 schools, five special schools, and five other campuses/programs. The district is made up of ten traditional high schools, several of which have magnet programs for specific areas of interest.

The school district also offers district-wide programs including the Center for Career and Technology Education for students interested in taking half-day career and technology education classes at the center. Silva Magnet School, which is housed within Jefferson High School, offers health education classes for students interested in pursuing health careers. The district also offers a math and applied sciences magnet program at its Chapin High School campus for students who want to enter a career in engineering. EPISD also owns and operates a 120-seat theater planetarium. During the school year, the planetarium presents a series of scheduled programs that are a part of both elementary and secondary science curricula.



YSLETA INDEPENDENT SCHOOL DISTRICT

The Ysleta Independent School District began in the 1930's as a rural education district with one high school and a handful of elementary schools, and has grown into one of the major school districts in the state with a student population of nearly 50,000. YISD has over 60 campuses that stretch from northeast El Paso to the east and southeast areas of the city. In 1999, the district's Texas Assessment of Academic Skills (TAAS) scores led all other Texas urban districts in academic performance on the TAAS. YISD received more attention when Ascarate and Sageland elementary schools were designated National Blue Ribbon Schools, which is the highest honor any public school can receive.

The district also offers several magnet school programs such as the Alicia R. Chacon International Language School, Hacienda Heights Communications Magnet School, Ysleta Center for Health Professions at Bel Air High School, the Magnet School for Performing Arts at Ysleta High School, the Cyber Institute at Riverside High School, and the Socratic Institute also at Riverside High School.

HIGHER EDUCATION



THE UNIVERSITY OF TEXAS AT EL PASO

The University of Texas at El Paso, the largest Mexican-American-majority university in the United States, was established in 1914 as the Texas School of Mines and Metallurgy. Building on its original strengths in engineering and science, UTEP is now a comprehensive university offering a broad range of degree programs at the bachelor's, master's and doctoral levels. UTEP is a leader in education and research, a center for cultural activities, and a catalyst for economic development in the region it serves.

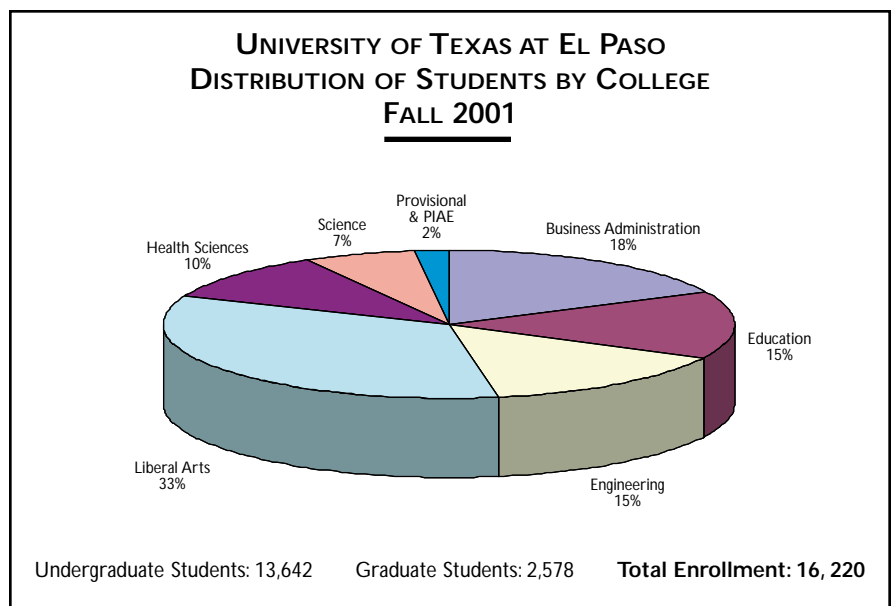
EDUCATING TOMORROW'S WORKFORCE

Serving a largely bi-national, multicultural population, UTEP is meeting the needs of Texas and the nation by preparing the next generation of professionals and leaders. Two-thirds of the university's more than 16,000 students are Mexican-American, and 11% are Mexican nationals, many of whom commute daily from Ciudad Juárez. Although the majority of students come from the region, UTEP currently enrolls students from 45 states and 67 countries.

UTEP's six academic colleges, business administration, education, engineering, health sciences, liberal arts and science, offer 81 bachelor's and 72 master's degrees in a broad range of academic fields. UTEP offers eight doctoral degrees in geological sciences, computer engineering, psychology, materials science and engineering,

environmental science and engineering, educational leadership and administration, biological sciences and U.S.-Mexico borderlands history. In addition, the university offers doctoral programs in nursing and pharmacy through cooperative programs with UT Health Science Center at Houston and UT Austin.

UTEP graduates are eagerly recruited by some of the nation's top corporations, including Delphi, Boeing, Ernst and Young, EDS, Intel, Nortel, Raytheon and Tenet Healthcare, and by numerous federal agencies such as the National Science Foundation and NASA. Because of the success achieved by UTEP's



Source: Center for Institutional Evaluation, Research & Planning, University of Texas at El Paso.

THE UNIVERSITY OF TEXAS AT EL PASO DEGREES AWARDED BY COLLEGE 2001			
COLLEGE	BACHELOR'S	MASTER'S	DOCTORAL
Business Administration	387	48	–
Education	303	175	11
Engineering	195	59	4
Liberal Arts	418	56	2
Health Sciences	196	66	–
Science	89	45	–
Interdisciplinary Doctoral	–	–	11
TOTAL	1,588	449	28

graduates, many companies have designated the university one of their major recruiting centers. UTEP graduates are also recruited by the most prestigious professional and graduate schools in the country. For example, during one recent recruiting cycle, 150 companies competed for 300 UTEP engineering graduates.

EXPANDING RESEARCH

With an annual total of more than \$50 million in external funding, UTEP consistently ranks among the top five public universities in Texas in total research and sponsored project expenditures. Funding sources include the National Science Foundation, the National Institutes of Health, the U.S. Department of Energy, the Environmental Protection Agency and the U.S. Department of Education.

UTEP is nationally recognized for the excellent research opportunities it provides to both graduate and undergraduate students. Faculty members and students work together to develop and participate in research projects relevant and beneficial to the region. Specialized university research centers and sponsored projects include:

- Anthropology Research Center
- Border Biomedical Research Center
- Center for Aging
- Center for Environmental Resource Management
- Center for Highway Materials Research
- Center for Inter-American and Border Studies
- The Center for Law and Border Studies
- FAST Center for Structural Integrity of Aerospace Systems

- Institute for Manufacturing and Materials Management
- Institute for Policy and Economic Development, which includes:
 - Center for the Study of Western Hemispheric Trade
 - NAFTA Intermodal Transportation Institute
 - Survey Research Center
 - Texas Center for Border Economic Development
- Materials Research Institute
- Pan-American Center for Earth and Environmental Studies

SHOWCASING SPECIAL EVENTS

A busy schedule of films, theatrical productions, musical performances, art exhibits and lectures make UTEP a dynamic center of intellectual, cultural and artistic enrichment. Two UTEP facilities, the 52,000-seat Sun Bowl Stadium and the 12,000-seat Don Haskins Center, are venues for major concerts and athletic competitions.



NEW MEXICO STATE UNIVERSITY

New Mexico State University, situated on a spacious campus on the edge of the city of Las Cruces, New Mexico, occupies a unique place among American colleges and universities. It is the only land-grant university that is both a major research institution and a minority-serving institution. These designations, by the Carnegie Foundation and the federal government, respectively, help define the singular way New Mexico State has evolved from its founding in 1888, first as Las Cruces College, then as New Mexico College of Agriculture and the Mechanic Arts, and finally, in 1960, as New Mexico State University.

As a land-grant university, NMSU is especially committed to research and services that make a difference in people's lives. Furthermore, NMSU's mission is to provide the opportunity for higher education to as many students as possible.

Enrollment in Fall 2001 was 15,224 on the main campus, with students coming from all 50 states and 79 foreign countries. About 1,700 students come from El Paso under an in-state tuition program for those living within a 135-mile radius of the main campus. Total university enrollment of 23,485 includes the Alamogordo, Grants, Carlsbad and Dona Ana branch campuses.

HIGHER EDUCATION

Degree programs are extensive, including 72 bachelor's degrees, 51 master's, 22 doctorates and four specialist in education programs. The programs are offered by six colleges, including Agriculture and Home Economics, Arts and Sciences, Business Administration and Economics, Education, Engineering, and Health and Social Services.

RESEARCH

As NMSU students prepare for their careers, they often benefit from hands-on experience in the wide array of research programs conducted by faculty and other scholars. In fiscal year 1999, NMSU ranked 106th out of 589 colleges/universities in the nation in total Research and Development Expenditures and second among 15 comparable regional universities in research expenditures as a percentage of total Education and General Expenditures.

Research expenditures exceed \$100 million a year in such widely recognized programs as:

- Astronomy research, founded by the late Clyde Tombaugh, operates one of the world's largest university-owned telescopes, as well as NASA's data center for atmospheric information from all the agency's planetary explorations
- A research and development organization, Physical Science Laboratory (PSL), designed to be a catalyst for economic development and technology transfer
- Chile pepper research, arid lands sustainability, and long-term desert ecological studies
- Bridge inspection and safety training
- Bilingual special education
- Environmental waste management and

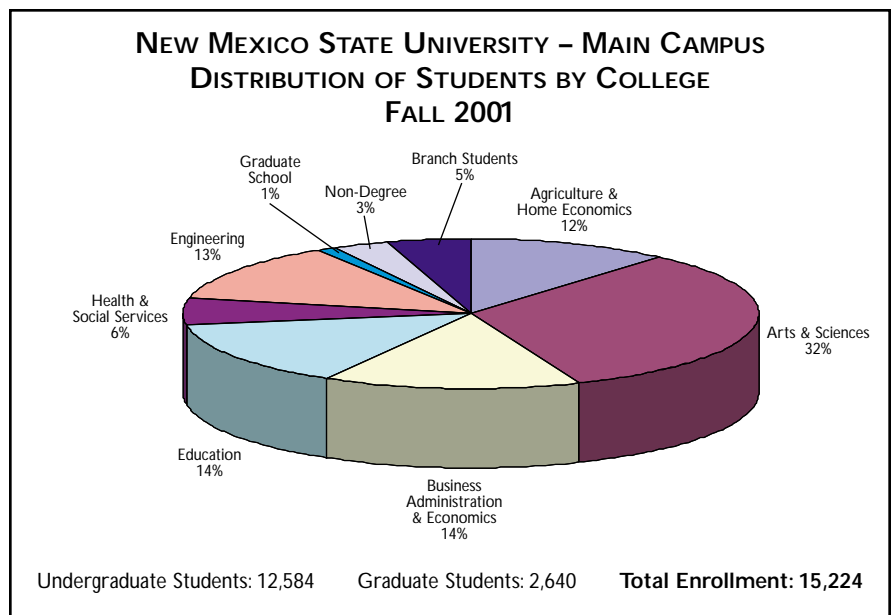
restoration and water resources

- Human-computer interaction and artificial intelligence
- Optics, photonics and microlaser development

ARTS AND EXHIBITIONS

With a broad range of artistic and cultural programs, including theater, music

performances, and museum exhibitions, NMSU serves as a center for the arts. The university is also home to several venues and performance programs. For instance, the Pan American Center, with 13,000 seats, and the Aggie Memorial Stadium, with more than 30,000 seats, feature Division I athletics, plus concerts by top performing artists and troupes.



Source: Institutional Research and Planning, New Mexico State University.

NEW MEXICO STATE UNIVERSITY – MAIN CAMPUS		
DEGREES AWARDED BY COLLEGE		
ACADEMIC YEAR 2000-2001		
COLLEGE	BACHELOR'S	MASTER'S
Agriculture & Home Economics	262	54
Arts & Sciences	575	131
Business Administration & Economics	373	71
Education	205	141
Engineering	262	97
Health & Social Services	150	52
Graduate School	0	5
TOTAL	1,827	551

Source: New Mexico State University Fact Book, 2001.



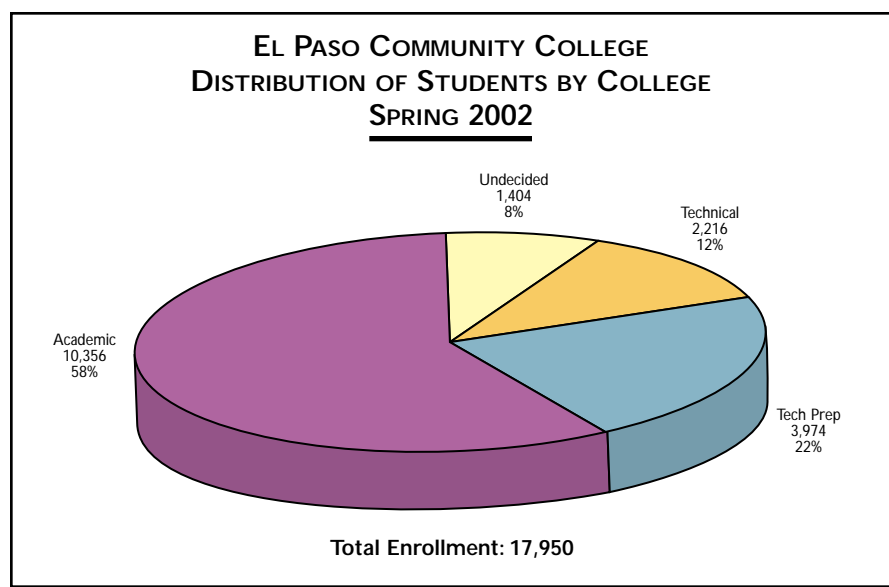
EL PASO COMMUNITY COLLEGE (EPCC)

El Paso Community College was established in 1969, enrolling 901 students in September of that year. Today, El Paso Community College offers over 130 programs of study to earn an associate's degree or certificate of completion. As one of the largest comprehensive community colleges in the nation, EPCC serves 20,000 credit and 8,000 non-credit students each semester throughout its campuses and over the Internet.

El Paso Community College has five branch campuses: Valle Verde, Rio Grande, Transmountain, Mission del Paso and Northwest. Valle Verde Campus, the largest and most centrally located facility, houses the administrative offices in the College District. About 70% of EPCC's total enrollment attend classes at Valle Verde Campus each semester.

The Literacy and Workforce Development Center, located at Rio Grande Campus, offers adult classes in literacy, second language and basic vocational support skills for both job-seekers and the under-employed. Other programs include electronics, environmental technology, heating, ventilation and air conditioning, fashion technology and interior design, emergency medical technology, vocational nursing and nursing assistant.

Realizing the importance of NAFTA and its regional impact, the College created the Institute for Economic and Workforce Development in 1995 to organize and intensify its service efforts in training the emerging workforce and providing education and expertise to area business and industry.



Source: El Paso Community College

HIGHER EDUCATION



UNIVERSITY OF PHOENIX

University of Phoenix offers graduate and undergraduate degree programs and certificate programs to working professionals around the world. This institution is the nation's largest private accredited institution for business and management. Located in Santa Teresa, New Mexico, it offers doctoral, graduate and undergraduate degree programs as well as certificate programs.



PARK UNIVERSITY

Park University offers degree completion at the associate and baccalaureate levels. Programs in the El Paso area are through the School for Extended Learning. The Park University School for Extended Learning is a pioneer in non-traditional studies through its focus on the creation of degree programs to fit the unique needs of individual students. The School for Extended Learning has 35 Resident Centers, plus numerous satellites, in 20 states across the United States. Of the 35 sites, 32 are located on military installations such as Fort Bliss, two at community colleges and an online Internet program. The 35 Resident Centers offer selected undergraduate programs in an accelerated format. Degree programs offered at the Fort Bliss facility include bachelor of science in management, social psychology, computer science, healthcare management, human resources management, computer information systems management and criminal justice administration.



WEBSTER UNIVERSITY

Webster University is a dynamic, independent, multicampus, international university providing quality educational programs to diverse constituents, including adult learners, young traditional-aged students, corporate and military personnel, and international students.

The school offers accredited graduate programs in various fields of business, communications, management, education, the liberal arts and sciences and the fine arts. More than 75 locations in the United States, Europe and Asia offer evening and weekend programs, including campuses on Fort Bliss and Holloman and in Santa Teresa, New Mexico. With over 300 students in the El Paso region, Webster University is recognized for its innovative and relevant graduate programs.



ECONOMIC OVERVIEW

Downtown El Paso at Night

EXECUTIVE SUMMARY

At the onset of the 21st century, two of the nation's major economic success stories of the past few years, globalization and information technology, are helping to revitalize the El Paso/Ciudad Juárez region.

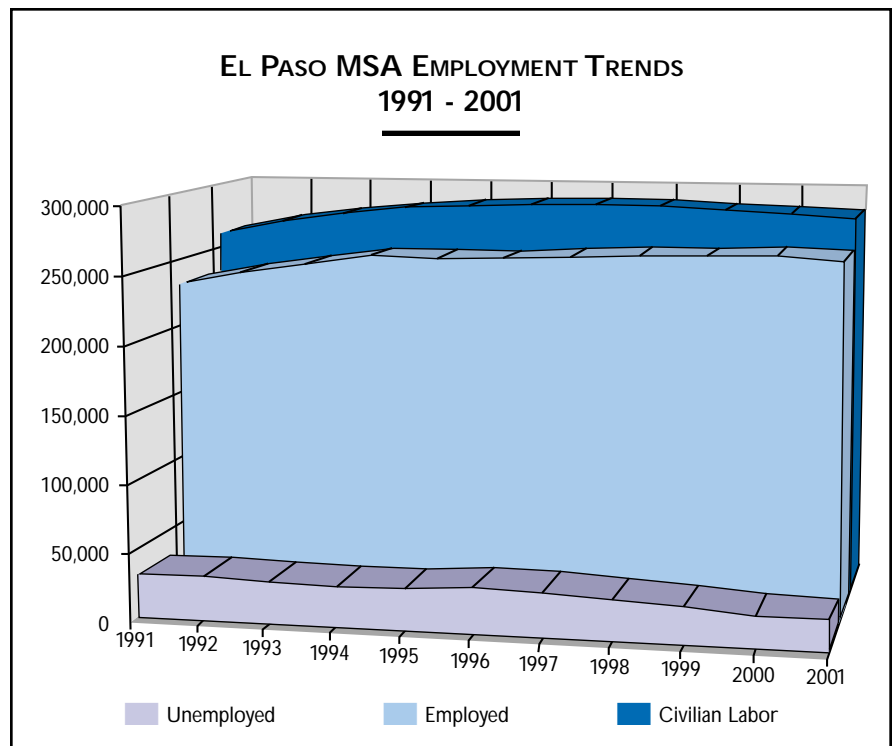
The first of these success stories, the global economy, has always been an everyday reality in the border region. In the past several years, international trade, stimulated by both NAFTA and the Mexican maquiladora program, has helped to fortify the economy.

The second major economic catalyst, the ascent of information technology, is refocusing the nation toward information processing and services as the primary sources for job creation. The City of El Paso will continue to emphasize the creation of high technology jobs in order to sustain its economic growth in the future. These two primary forces have accelerated economic structural change in El Paso.

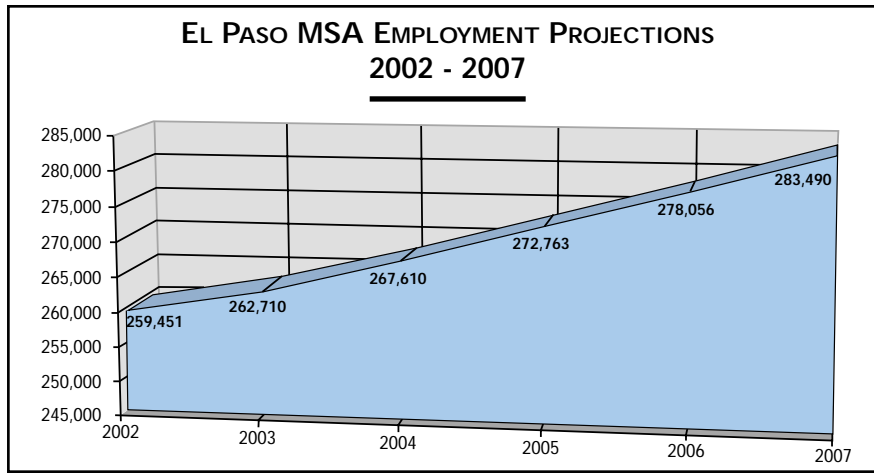
EMPLOYMENT & THE LABOR MARKET

Over the past decade, the El Paso Civilian Labor Force has grown steadily, although growth has moderated in recent years. The total local employment for the El Paso MSA is expected to grow to 278,056 by 2006, a compound annual growth rate of 1.52% over the next five years. As shown in "Unemployment Rates," El Paso's unemployment rate has traditionally been

significantly higher than those of the United States, Texas and New Mexico. While the nation has been experiencing increasing unemployment, El Paso's unemployment has remained stable with an average rate of 8.2% for 2001. Recent statistics indicate that the new industries, a retrained labor force, a robust economy, and investment in education and infrastructure are also beginning to alleviate area unemployment.



Source: Texas Workforce Commission, Labor Market Information, June 2002.



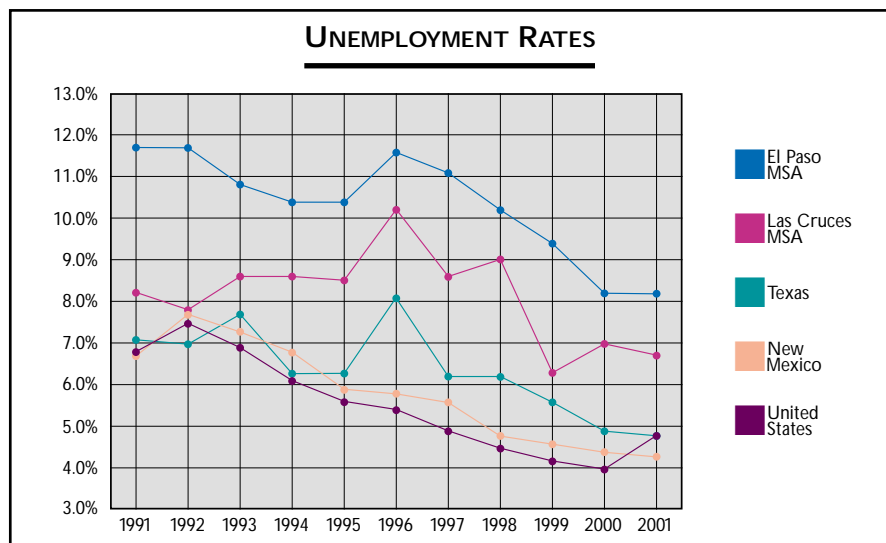
Source: Texas Perspectives, Inc., June 2002.

EL PASO MSA EMPLOYMENT TRENDS			
YEAR	UNEMPLOYED	EMPLOYED	CIVILIAN LABOR
1991	30,792	231,681	262,473
1992	31,881	240,988	272,869
1993	29,970	248,530	278,500
1994	29,643	255,041	284,684
1995	29,954	255,041	286,933
1996	33,405	255,433	288,838
1997	32,320	257,924	290,244
1998	29,602	260,152	289,754
1999	27,058	260,542	287,600
2000	23,448	262,001	285,449
2001	23,266	260,924	284,190

Source: Texas Workforce Commission, Labor Market Information, June 2002.

UNEMPLOYMENT RATES					
YEAR	EL PASO MSA	LAS CRUCES MSA	TEXAS	NEW MEXICO	UNITED STATES
1991	11.6%	7.8%	6.3%	6.5%	5.6%
1992	11.7%	8.2%	6.7%	7.1%	6.8%
1993	11.7%	7.8%	7.7%	7.0%	7.5%
1994	10.8%	8.6%	7.3%	7.7%	6.9%
1995	10.4%	8.5%	5.9%	6.3%	5.6%
1996	11.6%	10.2%	5.8%	8.1%	5.4%
1997	11.1%	8.6%	5.6%	6.2%	4.9%
1998	10.2%	9.0%	4.8%	6.2%	4.9%
1999	9.4%	6.3%	4.6%	5.6%	4.2%
2000	8.2%	7.0%	4.4%	4.9%	4.0%
2001	8.2%	6.7%	4.3%	4.8%	4.8%

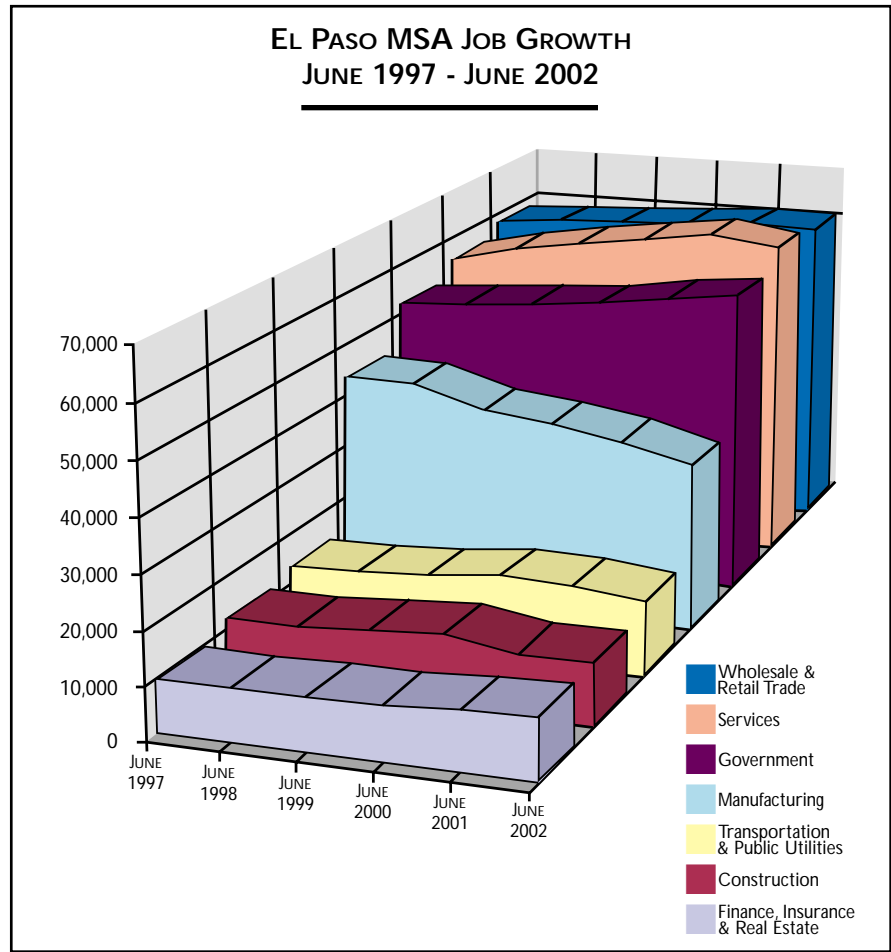
Source: Texas Workforce Commission, Labor Market Information
New Mexico Department of Labor



Source: Texas Workforce Commission and New Mexico Department of Labor.

EXECUTIVE SUMMARY

The New Economy is causing an adjustment of El Paso's employment distribution. Once heavily dependent on manufacturing jobs, El Paso has experienced a number of changes among its various employment sectors. The service sector has seen an increase in health care, professional and business services. This increase most likely results from a growing need for services to support the rapidly expanding border region. In contrast, manufacturing employment has decreased significantly, as a major portion of the apparel and textile industry has relocated south of the border. However, the maquiladora industry and NAFTA have created new opportunities for suppliers and higher value-added manufacturing in El Paso. As NAFTA augments international trade, El Paso's trade sector has remained strong through recent years. In addition, a large portion of El Paso's workforce is employed in the government sector for two primary reasons. A young, rapidly growing population has expanded employment in the public school system, and El Paso's situation on the border creates a need for additional federal government agencies. The transportation, communications and public utilities employment sector is supported by the border economy as well, since El Paso's strategic location is of great benefit to telecommunications and shipping companies. Finally, the construction and finance, insurance and real estate sectors have also been stimulated by the region's economic strengths.



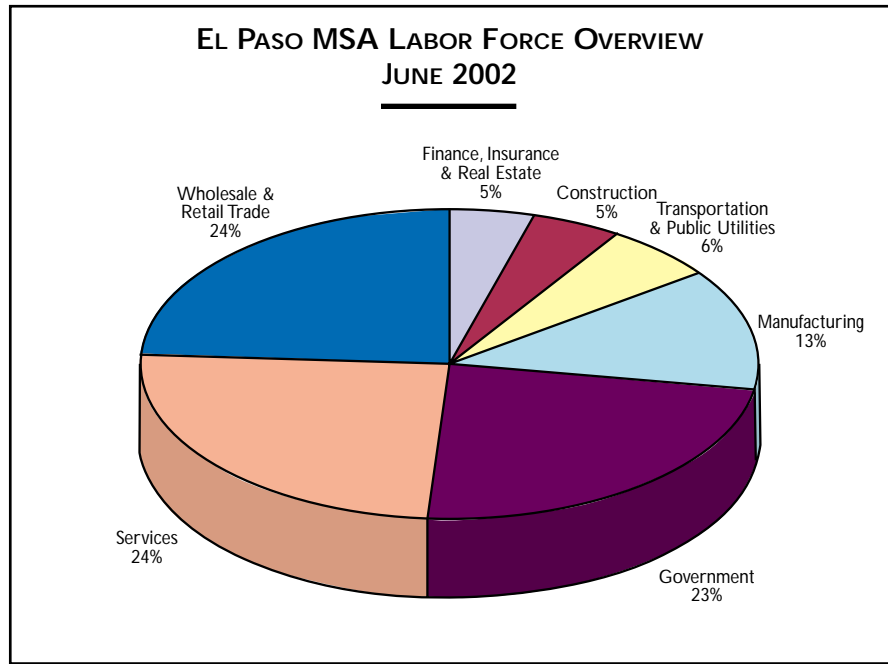
Source: Texas Workforce Commission, Labor Market Information, June 2002.

EL PASO JOB GROWTH JUNE 1997 - JUNE 2002						
ECONOMIC SECTOR	JUNE 1997	JUNE 1998	JUNE 1999	JUNE 2000	JUNE 2001	JUNE 2002
Finance, Insurance & Real Estate	9,600	9,700	9,900	10,200	11,100	11,400
Construction	11,900	11,900	12,800	12,900	11,700	12,000
Transportation & Public Utilities	13,400	13,800	14,700	15,900	15,500	14,400
Manufacturing	43,400	43,000	39,200	37,900	35,500	32,200
Government	51,900	52,700	53,800	55,300	57,100	58,700
Services	55,400	58,400	60,500	62,300	64,200	62,600
Wholesale & Retail Trade	57,800	59,000	59,600	61,500	61,200	61,100
TOTAL EMPLOYMENT	243,400	248,500	250,500	256,000	256,300	252,400

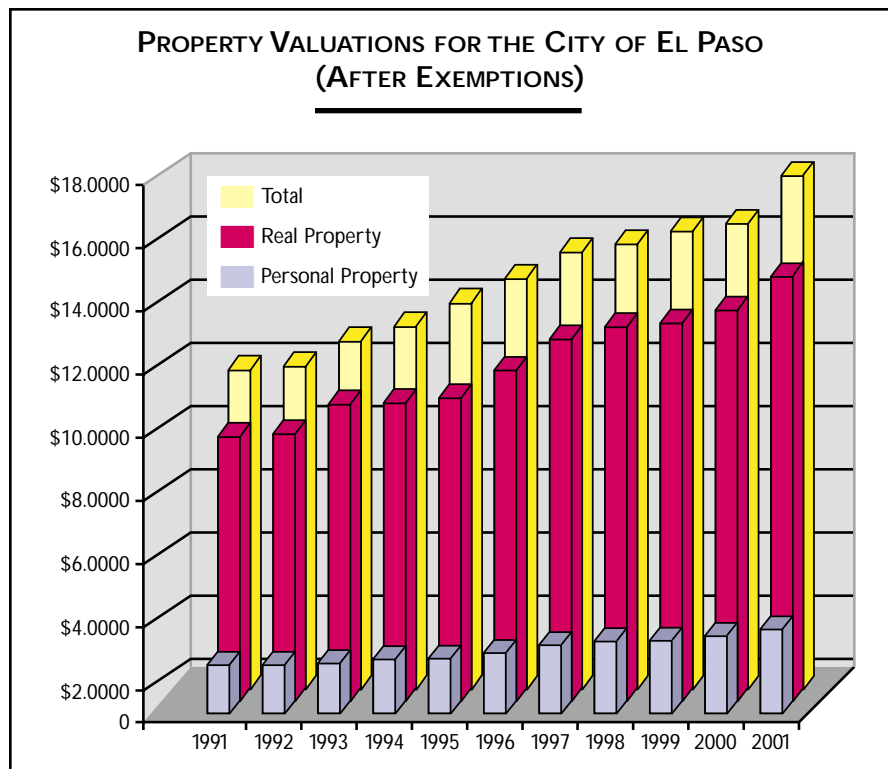
Source: Texas Workforce Commission, Labor Market Information, June 2002.

The following is an overview of some additional indicators of the El Paso economy.

- Personal income is forecast to surpass \$17.56 billion by 2007, with a 5.34% compound annual growth rate over the next ten years. (See "El Paso MSA Personal Income.")
- Gross Retail Sales figures reached \$6.4 billion in 2001, an increase of 8.98% or \$529 million since 1999. (See "El Paso Gross Retail Sales.")
- The City of El Paso Building Services Department issued a total of 10,598 building permits, for a value of \$489 million in 2001. (See "City of El Paso Construction Valuations.")
- According to the El Paso Central Appraisal District, total property valuations, before exemptions, for 2001 reached \$17.26 billion. Of this total amount for El Paso, personal property was valued at \$2.97 billion, and real property was valued at \$14.29 billion.
- Finally, northbound crossings into El Paso from Juárez remained steady in 2001, including 7.23 million pedestrians, 695,928 freight carriers, and 16.73 million passenger carriers. (See "Northbound Crossings.")



Source: Texas Workforce Commission, Labor Market Information.



Source: City of El Paso, Tax Office, June 2002.

SERVICES

As a larger portion of the nation's economic base moves from the manufacturing industry to services and information, El Paso businesses are shifting their focus to align with the national trend. Professional and business services have flourished in El Paso, partially due to maquiladoras and other industries on both sides of the border requiring such services as advertising, mailing, reproduction, commercial art, photography, stenographic services, data processing, communications, engineering, accounting, research and management. In addition, El Paso's health care industry, serving the greater border region, is a major source of area employment. Finally, notable growth in El Paso's service industry continues to come from the establishment of call centers.

EMPLOYMENT GROWTH

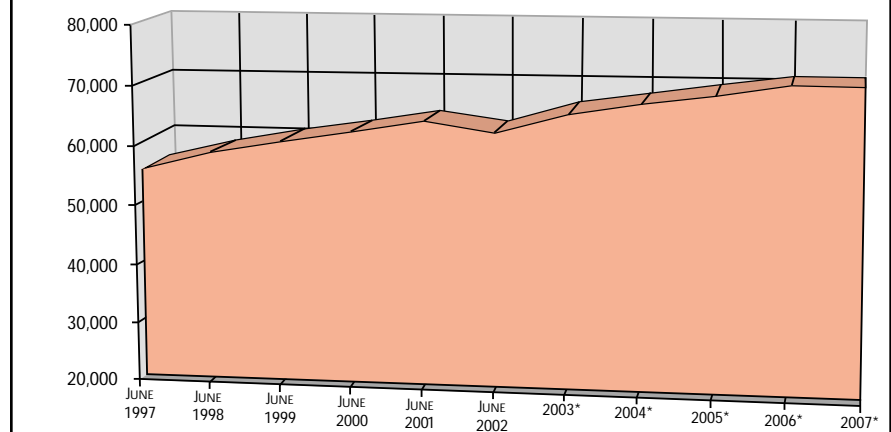
Structural change in the local economy is clearly revealed by the shifting mix of the local employment base, as almost two-thirds of El Paso's net job creation from 1996 to 2001 was in the service sector. These industries accounted for 24.5% of the El Paso Metropolitan Statistical Area's workforce last year, compared to 20.6% five years ago. This trend is expected to continue, as ongoing restructuring and increases in the city's population will cause total services employment to reach 71,150 during 2006, pushing its share of the El Paso labor market to 25.6%.

TOP TEN SERVICE SECTOR EMPLOYERS

EMPLOYER	TYPE OF BUSINESS	NUMBER OF EMPLOYEES
1. Sierra Providence Health Network	Hospital	4,200
2. EchoStar Satellite Corp.	Call Center	2,007
3. MCI/GC Services	Telemarketing	1,852
4. Del Sol Medical Center	Hospital	1,500
5. West Teleservices Corporation	Telemarketing	1,200
6. Providian Financial	Call Center	1,100
7. Brylane, Inc.	Call Center	900
8. Southwestern Bell	Telecommunication	800
9. Las Palmas Medical Center	Hospital	766
10. IHS (THI) of El Paso	Nursing Facility	526

Source: Department of Economic Development, City of El Paso, June 2002.

EL PASO MSA SERVICE SECTOR EMPLOYMENT GROWTH & PROJECTIONS 1997 - 2007



Source: Texas Workforce Commission, Labor Market Information
*Source: Texas Perspectives, Inc., July 2002

SERVICE SECTOR EMPLOYMENT GROWTH AND PROJECTIONS

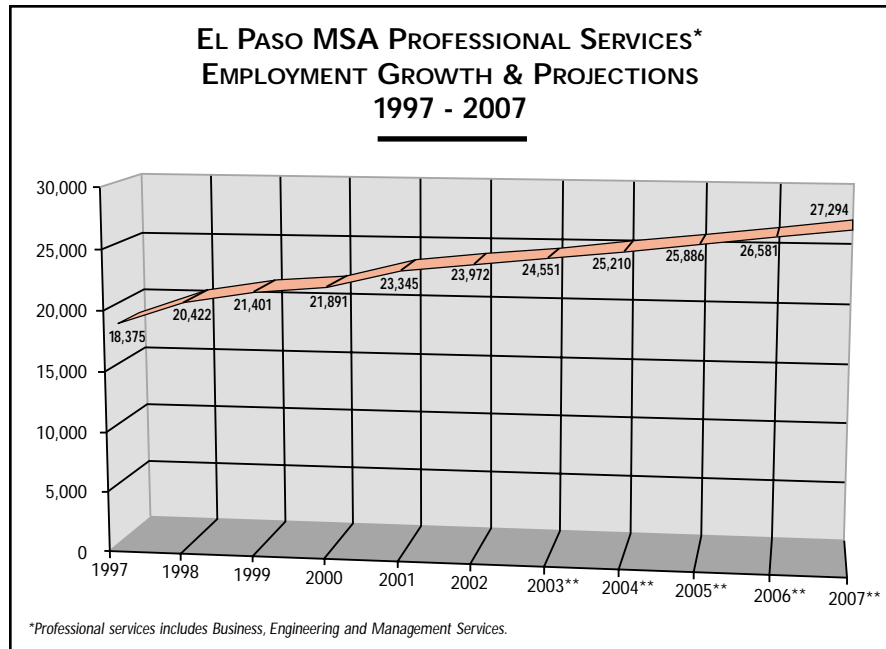
	JUNE 1997	JUNE 1998	JUNE 1999	JUNE 2000	JUNE 2001	JUNE 2002	2003*	2004*	2005*	2006*	2007*
Total Employment	55,400	58,400	60,500	62,300	64,200	62,600	66,042	67,714	69,409	71,150	71,150
Professional Services	18,375	20,422	21,401	21,891	23,345	23,972	24,551	25,210	25,886	26,581	27,294
Health Care Services	19,770	19,660	20,191	20,624	18,965	19,446	19,940	20,447	20,966	21,499	22,045

Source: Texas Workforce Commission, Labor Market Information
*Source: Texas Perspectives, Inc., July 2002

PROFESSIONAL AND BUSINESS SERVICES

Since 1996, employment in business services has increased by 6,843, a gain of almost 9% per year, and it is estimated that this sector will add over 2,700 jobs from 2001 to 2006. The city's strong economic foundation and significant manufacturing base have fostered the growth of business support services. In addition, consulting, marketing, language training and translation are among the city's key support services.

El Paso's international status has expanded the need for professional and business services. For example, Mexican clients are the source of a substantial amount of demand for professional services in El Paso, especially among attorneys. Accounting, engineering and environmental consulting firms, skilled at servicing clients in the United States, Mexico and Latin America, are also growing. Finally, companies specializing in retraining displaced workers and those providing employee assistance have become critical to the community's economic prosperity. These personnel agencies recruit for firms located on both sides of the border.



Source: Texas Workforce Commission, Labor Market Information
 **Source: Texas Perspectives, Inc., July 2002

SERVICES

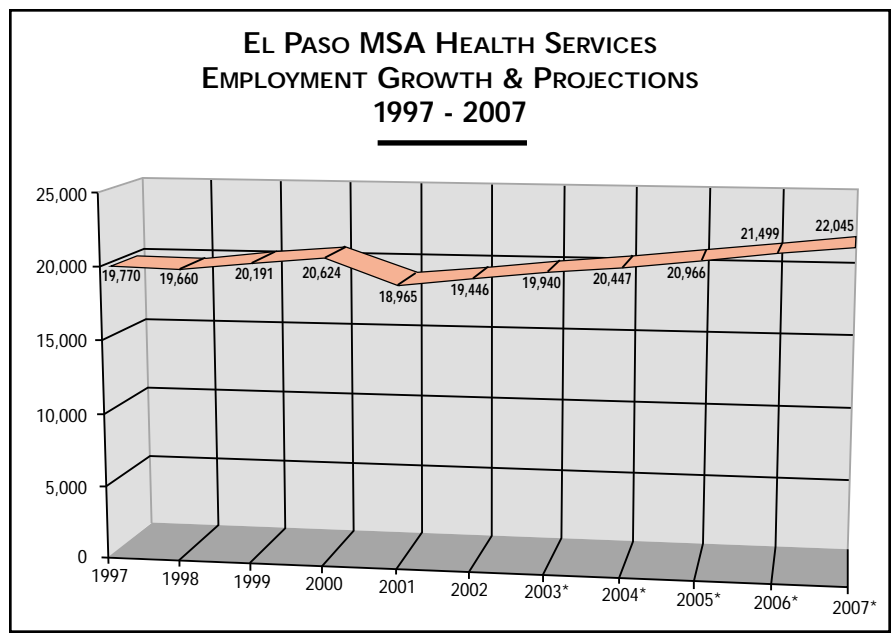
HEALTH CARE INDUSTRY

Serving as an urban center located within a geographic region that includes West Texas, Southern New Mexico, and Northern Mexico, El Paso is the hub for medical care and services in the surrounding area. The city's health care facilities include eight private hospitals, one public hospital and the William Beaumont Army Medical Center. Accordingly, several of these medical facilities are among El Paso's top employers. The number of health care employees in El Paso has steadily increased from 16,266 in 1996 to 18,965 in 2001.

Thomason Hospital is the largest public hospital located directly on the U.S.-Mexico border and provides one of the leading trauma care centers in the United States. In 1996 and 1997, Thomason Hospital was recognized as one of the nation's top performing hospitals in a study by Mercer Health Care Consulting of New York and HCIA, Inc. The William Beaumont Army Medical Center, one of the seven largest U.S. Army general hospitals in the nation, specializes in trauma care and provides an additional 148 patient beds in the El Paso area.

El Paso is emerging as a center for health care research and education. The city features the Texas Tech University School of Medicine campus, a full-time teaching facility for third- and fourth-year medical students. In addition, continuing education programs for doctors are offered through the William Beaumont Army Medical Center and Providence Memorial Hospital.

Finally, the Border Health Institute, a unified medical campus, will soon be established in El Paso to coordinate the delivery of health care services and education, to conduct basic and applied research on health issues specific to the border, and to promote more rational and effective deployment of health care resources.



Source: Texas Workforce Commission, Labor Market Information

*Source: Texas Perspectives, Inc., July 2002

EL PASO REGION HEALTH CARE FACILITIES 2001

	OWNERSHIP	ADMISSIONS	BEDS	BIRTHS	OUTPATIENT VISITS
Del Sol Medical Center	Private	14,514	354	2,403	67,002
Del Sol Rehabilitation Hospital	Private	N/A	40	N/A	3,595
Highlands Regional Rehab Hospital	Private	794	41	N/A	13,077
NCED Mental Health Center	Private	298	37	N/A	163
Las Palmas Medical Center	Private	8,444	260	1,567	56,594
Providence Memorial Hospital	Private	19,944	486	3,803	131,867
Rio Vista Rehabilitation Hospital	Private	1,512	76	N/A	53,737
Sierra Medical Center	Private	13,392	354	2,280	116,844
Southwestern General Hospital	Private	1,626	120	192	10,570
Thomason General Hospital	Public	21,000	346	5,100	519,430
Wm. Beaumont Army Medical Center	Federal	3,650	148	720	382,720
Veterans Affairs Health Care Center	Federal	N/A	N/A	N/A	18,000
TOTAL		85,174	2,262	16,065	1,373,599

Source: City of El Paso Department of Economic Development

EL PASO HEALTH CARE SPECIALTIES

FACILITY	SPECIALTY
Del Sol Medical Center	Lithotripsy, hyperbaric oxygen chambers, diagnostics, obstetrics, diabetes, oncology
Del Sol Rehabilitation Hospital	Acute care, physical, occupational and speech therapy
Highlands Regional Rehab Hospital	Physical rehabilitation, occupational and speech therapy, trauma
NCED Mental Health Center	Chemical dependency, individual & group therapy
Las Palmas Medical Center	Emergency care, pediatrics
Providence Memorial Hospital	Pediatrics, obstetrics, oncology, cardiology, wound management, orthopedics, digestive diseases
Rio Vista Rehabilitation Hospital	Physical rehabilitation, brain/spinal cord injury, lymphedema, cardio-pulmonary rehab, aquatic therapy
Sierra Medical Center	Gamma knife radio surgery, transplant, oncology, obstetrics
Southwestern General Hospital	Trauma, training hospital, cardiology, orthopedics, endoscopy
Thomason General Hospital	Obstetrics, trauma
Wm. Beaumont Army Medical Center	Pediatrics, obstetrics, cardiology, gastroenterology
Veterans Affairs Health Care Center	Associated with Wm. Beaumont (similar specialty) – outpatient/enrolled patient hospital only

Source: City of El Paso Department of Economic Development

HEALTH CARE TODAY & TOMORROW



EL PASO'S EMERGING MEDICAL CLUSTER

El Paso is emerging as a center for health care research and education. The city is currently home to the Border Biomedical Research Center (funded by the National Institute of Health), the Offices of the U.S.-Mexico Border Health Commission, the Paso del Norte Health Foundation and the Texas Tech University School of medicine campus, a full-time teaching facility for third- and fourth-year medical students.

The central piece of El Paso's medical and health care strategy is the creation of a unified medical campus, referred to as the Border Health Institute (BHI). The unified medical campus is a multi-use medical complex dedicated to research, education and health services. The cornerstone of the unified medical campus is Texas Tech Health Sciences Center's commitment to complete its medical school by adding the first- and second-year academic components to its existing third- and fourth-year program. Additionally, Texas Tech will soon break ground on a \$40 million facility dedicated to Hispanic health research. Texas Tech's expanded presence in El Paso significantly increases the area's teaching faculty and the number and type of biomedical research activities.

The medical campus includes an array of other important facilities as well, including the University of Texas at El Paso's new Biosciences building, the Texas Tech University Breast Care Center, the El Paso County Office of the Medical Examiner, Texas Department of Health and Human Services, El Paso Community College's Health and Science laboratory, the West Texas Region Poison Control Center and a regional crime laboratory. Over \$133 million has been committed or proposed to developing unified medical campus infrastructure and facilities. Long-term recruitment plans for the BHI include a children's hospital, medical offices for individual practitioners and a specialty surgery center – total capital investment at complete build-out will exceed \$333 million.

UNIFIED MEDICAL CAMPUS	COMMITTED INVESTMENT	PROPOSED INVESTMENT	FUTURE INVESTMENT	TOTAL
Capital Investment	\$45.6M	\$88.2M	\$201.0M	\$334.8M
Annual Operating Budgets	\$11.4M	\$22.3M	\$50.3M	\$83.9M

In the final analysis, the economic benefits of the unified medical campus will materialize in the form of increased El Paso area employment and income – generating even more demand for health care services. The physical development of the medical campus is expected to create 1,965 new jobs and generate \$90 million in increased income and wages paid to area workers. In addition to the monies spent on building new facilities, health care organizations will have annual payrolls totaling \$33.7 million. The value-added impact of the annual operating budgets is \$43.6 million. Medical campus tenant operations will directly and indirectly create 1,192 additional jobs.

Creation of the unified medical campus will have a transformative effect on El Paso's economy as well as El Paso's ability to deliver state-of-the-art health services to the region.

CALL CENTERS AND BACK OFFICE

Growth in the El Paso service industry is due, in part, to the growth of back office and call center operations. Seven out of the top ten business employers in El Paso are call centers, which employ over 8,400 employees. Such successful call centers include Echostar, MCI, Providian, Brylane, Telerx, Southwestern Bell and State Farm. Call center and back office operations typically include fund-raising, collections, help desks, reservation centers, outsourcing services, catalog retailing, financial operations, information retrieval services, medical records processing, telemarketing and check processing. El Paso has several advantages to offer call centers and back office operations. For instance, the city's bilingual labor force offers an extensive knowledge of the Hispanic service market. In addition, El Paso's central location offers close proximity to Latin America and is situated in the Mountain Time Zone, allowing companies the freedom to reach a broad market. Finally, El Paso's state-of-the-art telecommunications infrastructure, featuring cable on-line service, international toll-free, and high-speed data transaction processing provides an additional competitive edge. For these reasons, several companies have decided to locate call centers in El Paso.

HOTEL-MOTEL INDUSTRY

According to the Texas Department of Economic Development, over 39% of travel to the El Paso area is business related. As a result, the El Paso hotel-motel industry caters primarily to this travel group. According to the El Paso Hotel/Motel

SOME AREA CALL CENTERS

	PROJECTED NUMBER OF CALL CENTER EMPLOYEES	DESCRIPTION
AT&T	461	Inbound
Brylane	900	Inbound
Dial America	180	Inbound
EchoStar	2,007	Inbound
MCI/GC Services	1,852	Inbound
National Processing Co.	100	Inbound
NSDI	200	Outbound
Providian	1,200	Inbound
Southwestern Bell	800	Inbound
Southwestern Bell (Second Call Center)	500	Inbound
State Farm	420	Inbound
Telerx	150	Inbound
Texas Workforce Commission	98	Inbound
West Telemarketing	1,200	Outbound
TOTAL	10,068	

Source: Greater El Paso Chamber of Commerce, June 2002.

Association, total receipts for El Paso are hotels have increased from \$77.5 million in 1996 to \$91.9 million in 2001. For 2001, hotels in the El Paso area had an occupancy rate of 60 percent, with an average daily rate of \$49.94.

Physical improvements in Downtown El Paso, including the Union Plaza Cultural and Entertainment Center and the expansion of the City's Civic Center, are expected to increase tourism in the area.

EL PASO MSA HOTEL/MOTEL DATA

	ROOM NIGHTS AVAILABLE	REVENUE (\$)	% OCCUPANCY	ROOM NIGHTS SOLD
1990	2,402,800	60,893,000	55.8%	1,340,700
1991	2,482,200	65,321,000	56.9%	1,411,900
1992	2,460,500	66,647,000	57.2%	1,407,800
1993	2,449,000	70,271,000	60.5%	1,480,600
1994	2,380,800	73,746,000	64.2%	1,529,300
1995	2,339,900	75,596,000	65.6%	1,534,100
1996	2,462,200	72,115,000	58.9%	1,449,400
1997	2,662,600	79,616,000	59.3%	1,578,700
1998	2,754,600	83,245,000	58.3%	1,606,300
1999	2,756,400	89,587,000	61.0%	1,681,100
2000	2,764,700	93,712,000	61.7%	1,704,800
2001	2,786,000	91,989,000	60.2%	1,676,000

Source: Texas Department of Economic Development

MANUFACTURING

In 1996, manufacturing accounted for 18.6% of El Paso's total employment, well above the state average of 12%. Since then, this major component of the El Paso job base has been in decline. While the decrease in manufacturing has been significant, the industry still accounts for 13% of El Paso's workforce. Several factors, including NAFTA and the maquiladoras, have contributed to a shift in the nature of the manufacturing industry in El Paso.

EMPLOYMENT GROWTH

The manufacturing sector accounted for 13% of the El Paso Metropolitan Statistical Area's workforce, with 32,200 employees in June of 2002. Since June 1996, employment in manufacturing has decreased significantly. However, modest increases are expected by 2004. In essence, the focus of El Paso's manufacturing industry had been adjusting to account for NAFTA-related job losses.

APPAREL AND TEXTILE MANUFACTURING

The El Paso Economic Adjustment Strategic Plan argued that for a number of years, El Paso was defying the national decline in the apparel and textile industry. From 1990 to 1994, the city added 5,500 jobs in the apparel sector. Further, nearly half of El Paso's 50,000 manufacturing jobs in 1994 were in the apparel and textile industry. More recently, El Paso has been unable to sustain this growth. With the peso falling in value in recent years, several large apparel producers relocated operations across the border to take advantage of growing wage differentials between the

United States and Mexico. Figures from the Texas Workforce Commission show that over the past five years El Paso

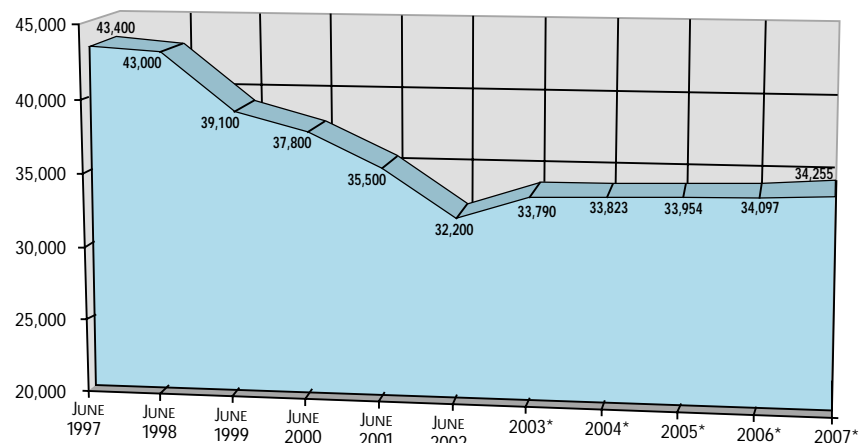
has experienced a net job loss in the apparel manufacturing industry of almost 9,000 jobs.

TOP TEN MANUFACTURING SECTOR EMPLOYERS

EMPLOYER	TYPE OF MANUFACTURER	NUMBER OF EMPLOYEES
1. VF Jeanswear (Wrangler, Lee cos.)	Clothing	3,200
2. Eureka	Vacuum Cleaners	1,700
3. Elcom, Inc. (Division of Yazaki, N.A.)	Injection Molding	1,100
4. Toro Co.	Sprinklers	1,000
5. Tony Lama	Boots	1,000
6. Sun Apparel of Texas, Ltd.	Clothing	967
7. The Hoover Company	Vacuum Cleaners	800
8. Phelps Dodge Mining Company	Refining/Rod Mill/Wire	644
9. Allegiance Healthcare Corp.	Disposable Garments	567
10. International Garment Processors	Industrial Laundry	515

Source: Department of Economic Development, City of El Paso, June 2002

EL PASO MSA MANUFACTURING SECTOR EMPLOYMENT GROWTH & PROJECTIONS 1997 - 2007



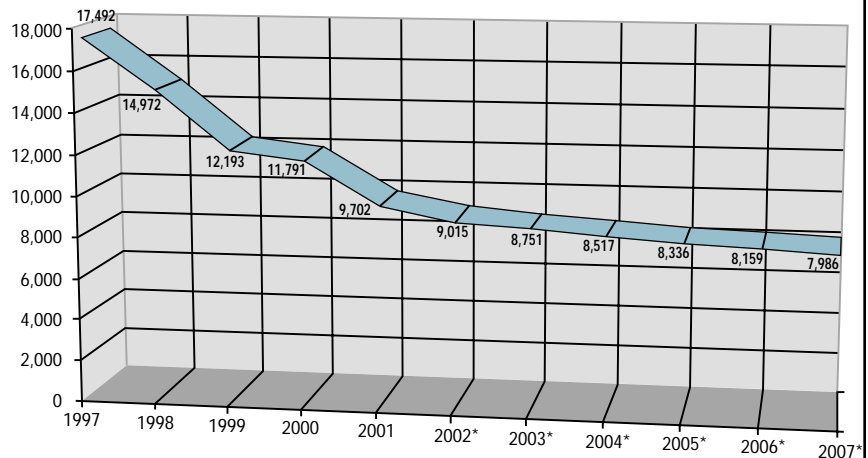
Source: Texas Workforce Commission, Labor Market Information
*Source: Texas Perspectives, Inc., July 2002

GROWING MANUFACTURING INDUSTRIES IN EL PASO

Over the next few years, El Paso will experience a continued decline in the apparel and textile industry, but this should be offset by growth in manufacturing operations in two other areas: those that are part of the maquiladora process, and growth in higher value-added companies that are attracted to the assets that El Paso has to offer. Partly resulting from activity in Ciudad Juárez, job growth in sectors such as rubber and plastics, electronic equipment and transportation equipment has grown at annual rates of over 6% since 1996. These trends will continue, as the forecast is for these industries to add a total of 651 jobs over the next five years.

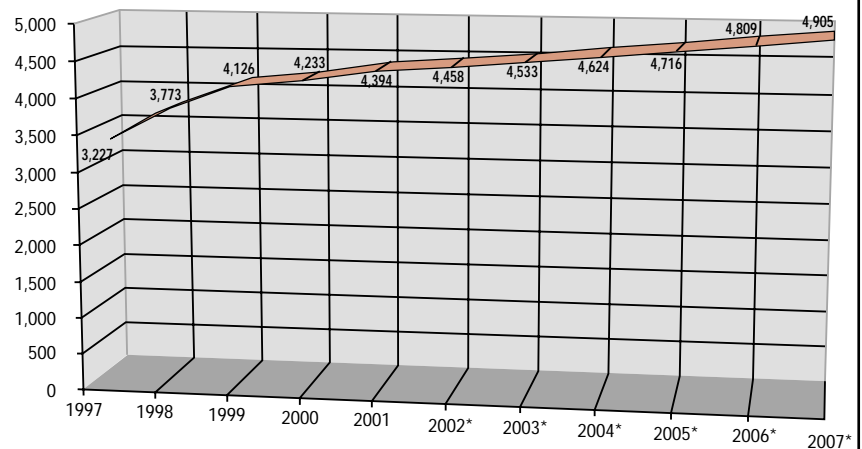
PSC Fabricating, a foam and rubber parts supplier, serves as an example of a company that relocated to El Paso specifically because of the maquiladora industry. According to an article in the *El Paso Times*, "Kentucky based PSC began an El Paso production in February 1999, which has allowed the company to supply regional customers faster than in the past." The El Paso plant has also provided the company's customers with savings on transportation and inventory costs. Finally, El Paso's location has enabled PSC Fabricating to tap into the Mexican market while maintaining its operations in the United States.

**EL PASO MSA APPAREL AND TEXTILE MANUFACTURING
EMPLOYMENT GROWTH & PROJECTIONS
1997 - 2007**



Source: Texas Workforce Commission, Labor Market Information
*Source: Texas Perspectives, Inc., July 2002

**EL PASO MSA RUBBER AND PLASTICS PRODUCTS MANUFACTURING
EMPLOYMENT GROWTH & PROJECTIONS
1997 - 2007**

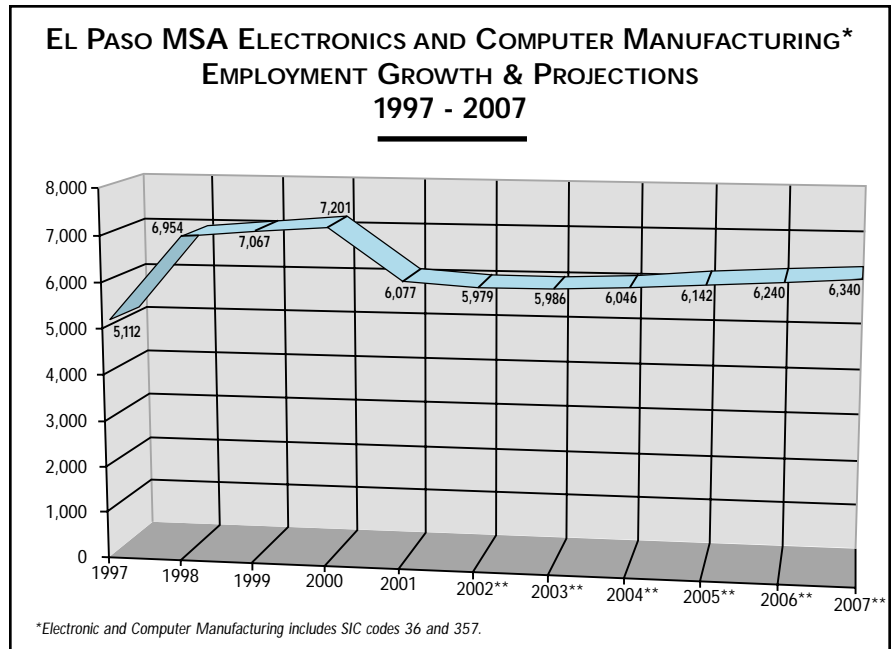


Source: Texas Workforce Commission, Labor Market Information
*Source: Texas Perspectives, Inc., July 2002

MANUFACTURING

The growing cross border trade associated with NAFTA and the maquiladoras has brought additional opportunities for El Paso manufacturers. Suppliers from the interior United States send hundreds of trucks to Ciudad Juárez with parts and machinery for the maquiladoras. On the “back haul,” the trucks often return with empty loads. This abundance of trucks departing the El Paso/Ciudad Juárez area has driven down the rates on shipments leaving El Paso for locations across the United States.

Ciudad Juárez is the prime maquiladora location in Mexico, providing about one fifth of the nation's overall maquila employment. As of 2001, there were approximately 314 maquiladora plants and 229,642 maquila workers in the Ciudad Juárez region.



Source: Texas Workforce Commission, Labor Market Information
 **Source: Texas Perspectives, Inc., July 2002

The trade sector in El Paso, consisting of both wholesale and retail trade, is a significant driver of the El Paso economy. As with the other economic sectors, trade is directly influenced by El Paso's situation on the border with Mexico. National economic trends in both the United States and Mexico, especially with regard to NAFTA, have created many new opportunities for trade in regional economy.

EMPLOYMENT GROWTH

With a total of 49,393 jobs in 2001, the retail trade sector accounted for 19.2% of the El Paso Metropolitan Statistical Area's workforce. From 1996 to 2001, the El Paso labor force added 4,746 retail sector jobs, a growth of 10.6%. Over the next five years, retail trade in El Paso is expected to add an additional 5,256 jobs. Expansion of the trade sector will account for over 25% of El Paso's overall employment growth through 2006.

RETAIL SALES

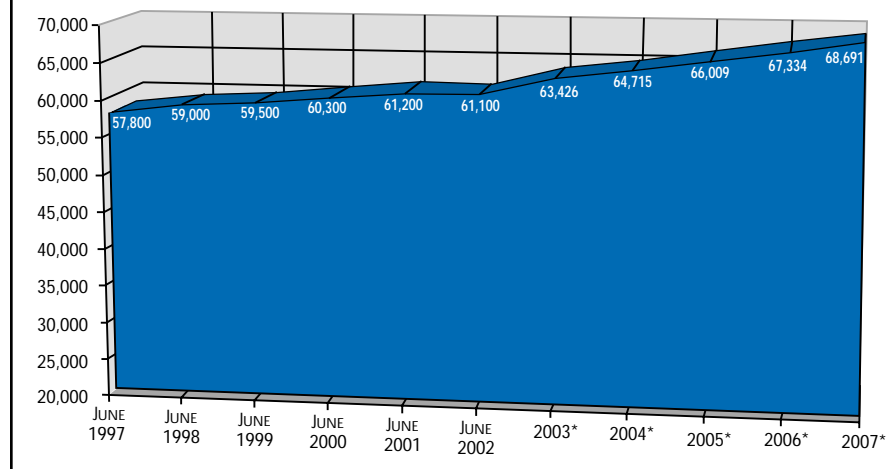
As noted by University of Texas at El Paso (UTEP) economist Dr. Thomas Fullerton, metropolitan retail sales performance is usually "the most variable segment of a local or national economy." In general, retail sales in El Paso have grown over the

TOP TEN TRADE SECTOR EMPLOYERS

EMPLOYER	TYPE OF BUSINESS	NUMBER OF EMPLOYEES
1. Wal-Mart	Discount Retail	3,300
2. K-Mart	Discount Retail	753
3. Walgreen's	Drug Store	650
4. Albertson's, Inc.	Grocery Store	511
5. Target	Discount Retail	500
6. J.C. Penney	Department Store	481
7. Dillard's	Department Store	450
8. Lowe's Home Improvements	Home Improvements Store	416
9. Helen Of Troy	Personal Care Products	414
10. Sam's Club	General Merchandise	400

Source: Department of Economic Development, City of El Paso, June 2002

EL PASO MSA TRADE SECTOR EMPLOYMENT GROWTH & PROJECTIONS 1997 - 2007



Source: Texas Workforce Commission, Labor Market Information

*Source: Texas Perspectives, Inc., July 2002

EL PASO GROSS RETAIL SALES 1988 - 2001 (IN BILLIONS)

1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
3.339	3.564	3.718	3.887	4.258	4.546	4.940	4.872	5.258	5.050	5.309	5.885	6.344	6.414

Source: State of Texas, Comptroller of Public Accounts

TRADE

past 15 years. Setbacks in 1995 and 1997 are indicative of minor economic troubles in the border region. In 2001, El Paso reported almost \$6.4 billion in gross retail sales, \$70 million or 1.1% more than the previous year. Trends in retail sales will tend to follow personal income growth over time, although the presence of over one million potential customers from Ciudad Juárez gives a boost to local retail trade.

In the past five years, the retail categories in El Paso with the largest sales have been automotive dealers and service stations, food stores, general merchandise stores and miscellaneous retail. As the regional economy recovers from the downturn, retail trade should accelerate.

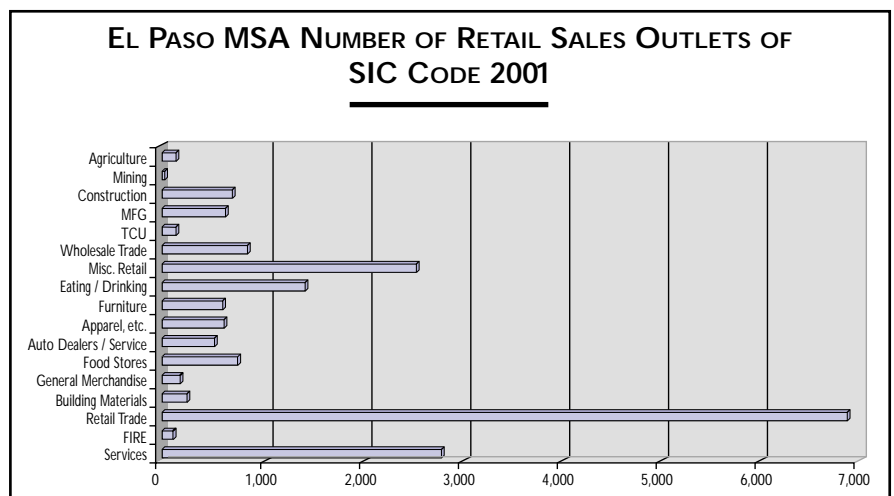
RETAIL IMPACT OF MEXICAN SHOPPERS

In late 1994, the devaluation of the Mexican peso significantly reduced retail sales figures in El Paso, especially in the downtown area. Many analysts argue that the reduction of money spent by Cd. Juárez shoppers in El Paso further demonstrates the economic integration of the two cities. The El Paso Economic Adjustment Strategic Plan asserts that "center-city shopkeepers in El Paso reported sales losses of 50% to 70% immediately following the devaluation, and many believe that sales have yet to fully recover."

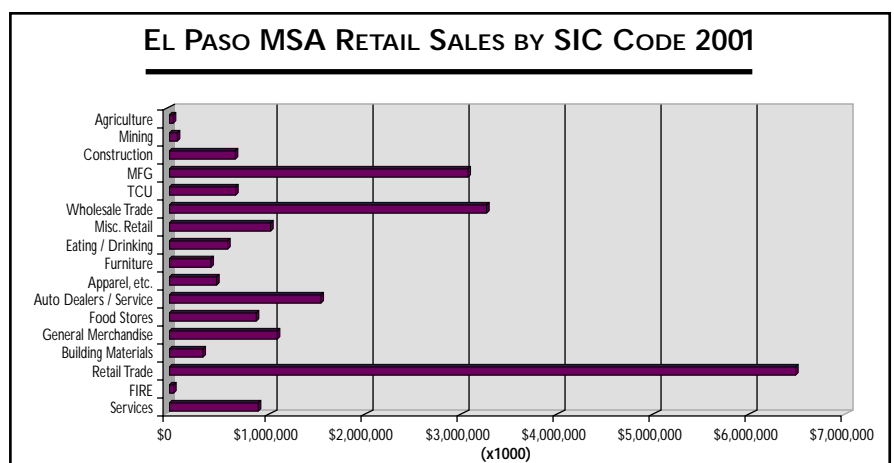
Furthermore, the 1999 El Paso Economic Adjustment Strategic Plan estimates that retail demand from Mexico accounted for over 14.6% of taxable retail sales in El Paso County during 1998, or over \$388 million dollars. Assuming this ratio continues to be in place, the dollar volume of Mexico-



Source: State of Texas, Comptroller of Public Accounts



Source: State of Texas, Comptroller of Public Accounts

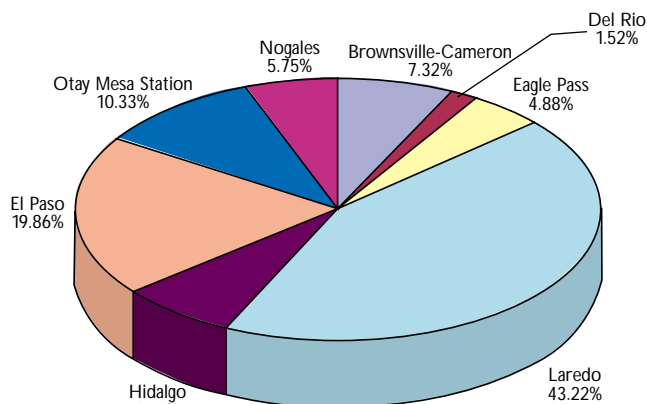


Source: State of Texas, Comptroller of Public Accounts

based shopping would have risen to \$433 million last year. Other local economists estimate this figure to be as high as 30% of retail sales in El Paso. This impact is undoubtedly concentrated near the bridges and in the downtown area; however, merchants throughout El Paso enjoy the patronage of customers from across the Rio Grande.

Some recent developments in the Mexican economy suggest that El Paso retailers may see an increase in sales. Although the Mexican economy is still rebounding from the major peso devaluation that sent it reeling in late 1994, the country has seen some improvements in financial stability over the past few years. Moreover, the emergence of the U.S. economy from recession later this year should help stimulate the maquilas, which in turn will have a positive impact on El Paso retail activity.

EXPORTS TO MEXICO BY BORDER CITY – 2001



Source: Texas Centers for Border Economic and Enterprise Development, Border Trade Data

EXPORTS TO MEXICO BY BORDER CITY – 2001

CITY	VALUE	% OF BORDER TRADE TO MEXICO
Brownsville-Cameron	5,883,494,025	7.32%
Del Rio	1,222,805,881	1.52%
Eagle Pass	3,922,194,374	4.88%
Laredo	34,729,516,756	43.22%
Hidalgo	5,715,414,569	7.11%
El Paso	15,956,101,199	19.86%
Calexico	N/A	0.00%
San Ysidro	950,872	0.00%
Otay Mesa Station	8,302,006,137	10.33%
Nogales	4,621,489,481	5.75%
TOTAL VALUE	80,353,973,294	

Source: Texas Centers for Border Economic and Enterprise Development, Border Trade Data

EL PASO TOP TEN EXPORTS TO MEXICO – 2001

DESCRIPTION	EXPORT VALUE
Digital Monolithic Integrated Units	1,057,346,448
Parts of Television and Radio Receivers & Transmission Apparatus, etc.	722,405,875
Articles of Plastics, N.E.S.	609,550,873
Television Picture Tubes, Color	477,783,675
Electric Conductors (less than 80 volts)	393,092,554
Parts of Electrical Apparatus for Switching or Protecting Electrical Circuits	380,768,795
Electrical Apparatus for Switching or Protecting Electrical Circuits (less than 1,000 volts)	339,337,169
Articles of Iron or Steel, N.E.S.	318,456,430
Storage Units for Data Processing Systems	279,411,147
Articles for the Conveyance or Packing of Goods, N.E.S.	246,440,914

Source: Texas Centers for Border Economic and Enterprise Development, Border Trade Data

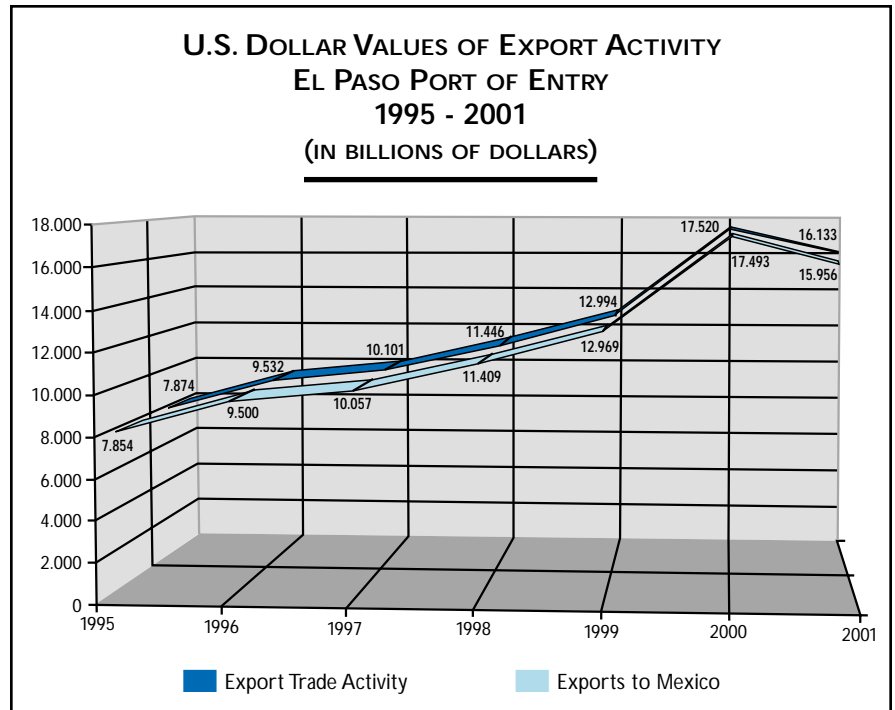
TRADE

INTERNATIONAL TRADE SECTION

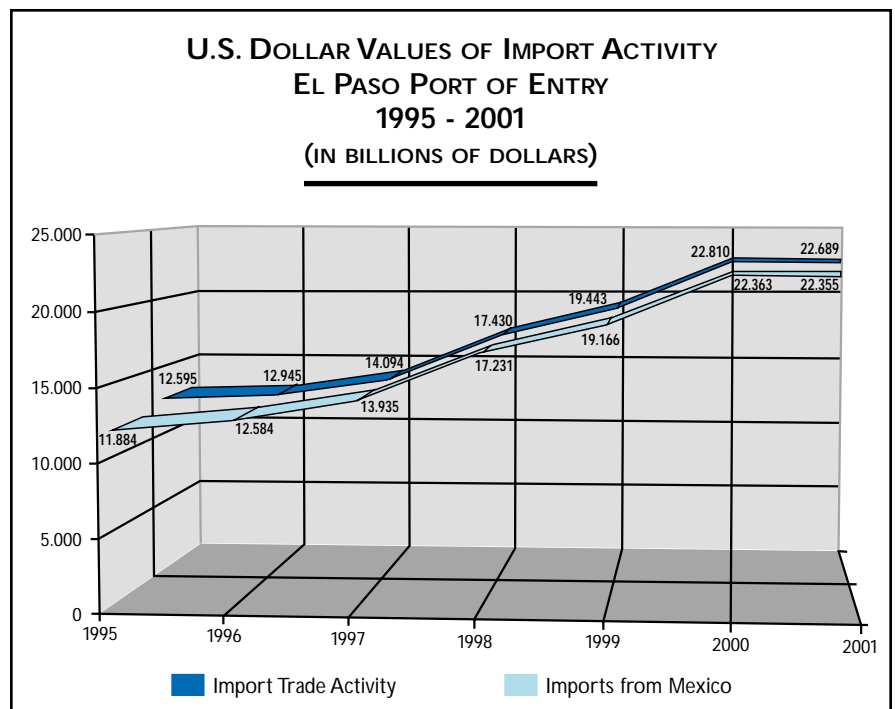
According to the Texas Department of Economic Development, Mexico continued to be Texas' largest export market. Texas shipments to Mexico reached \$41.6 billion during 2001, accounting for 43.8% of total state exports. Computer and electronic products, transportation equipment and electrical equipment and appliances remain the leading Texas export sectors to customers south of the border. Much of this traffic moves through El Paso, as the Bureau of Transportation Statistics reports that almost \$16 billion worth of exports to Mexico were shipped through El Paso ports during 2001.

Imports through El Paso ports of entry have also remained strong with the value of imports at \$22.3 billion in 2001. The city is the third largest importer/exporter along the U.S.-Mexico border and is ranked in the top 25 metropolitan exporters.

International trade in El Paso has created numerous opportunities for customs brokerages in the area. There are over 40 customs brokerage firms in El Paso that serve as a liaison between the importer/exporter and the U.S. Department of Customs. Customs brokers represent the interests of the importer/exporter and keep them in compliance with federal regulations. They define the appropriate classification for exports and imports and determine the appropriate tariffs according to federal regulations. Brokers often arrange warehousing for the imported merchandise, as well as advise the client on laws affecting their international transactions.

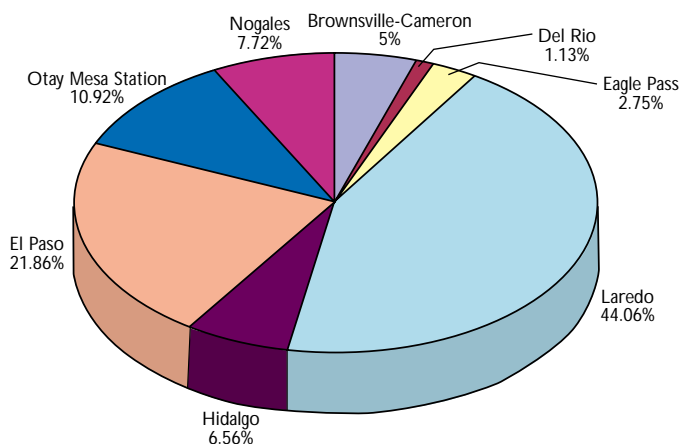


Source: Texas Centers for Border Economic and Enterprise Development, Border Trade Data



Source: Texas Centers for Border Economic and Enterprise Development, Border Trade Data

IMPORTS FROM MEXICO BY BORDER CITY, 2001



Source: Texas Centers for Border Economic and Enterprise Development, Border Trade Data

IMPORTS FROM MEXICO BY BORDER CITY, 2001

CITY	VALUE	% OF BORDER TRADE TO MEXICO
Brownsville-Cameron	5,109,121,664	5.00%
Del Rio	1,152,573,995	1.13%
Eagle Pass	2,816,740,414	2.75%
Laredo	45,061,581,251	44.06%
Hidalgo	6,707,828,606	6.56%
El Paso	22,355,254,372	21.86%
Calexico	112,136	0.00%
San Ysidro	186,598	0.00%
Otay Mesa Station	11,169,522,406	10.92%
Nogales	7,890,200,420	7.72%
TOTAL VALUE	102,263,121,862	

Source: Texas Centers for Border Economic and Enterprise Development, Border Trade Data

EL PASO MSA RETAIL SALES BY SIC 2001

SIC CLASSIFICATION	GROSS SALES (x1000)	OUTLETS
Services	\$910,889	2,746
FIRE	\$39,448	97
Retail Trade	\$6,413,953	6,764
Building Materials	\$341,436	235
General Merchandise	\$1,112,872	174
Food Stores	\$869,979	744
Auto Dealers/Service	\$1,543,920	514
Apparel, etc.	\$485,385	604
Furniture	\$423,216	589
Eating/Drinking	\$604,251	1,406
Misc. Retail	\$1,032,893	2,498
Wholesale Trade	\$3,216,744	831
TCU	\$682,918	131
MFG	\$3,027,880	616
Construction	\$672,835	678
Mining	\$93,350	5
Agriculture	\$46,679	132

Source: State of Texas, Comptroller of Public Accounts

EL PASO TOP TEN IMPORTS TO MEXICO, 2001

DESCRIPTION	EXPORT VALUE
Ignition Wiring Sets and Other Wiring Sets	2,187,906,525
TV Receivers, Color (including Video Monitors & Projectors)	1,515,305,434
Transmission Apparatus for Radiotelephony, Radiotelegraphy, etc.	1,425,898,682
Parts of Seats, N.E.S.	1,337,039,601
Digital Processing Units	1,130,613,760
Special Transactions and Commodities (not classified according to kind)	1,017,972,003
Motor Vehicles, N.E.S.	995,931,512
Transmission Apparatus for Radiotelephony, Radiotelegraphy, etc. (incorporating Reception Apparatus)	735,953,052
Radiobroadcast Receivers (operating with an External Power Source)	670,831,444
Input or Output Units in Data Processing.	438,689,982

Source: Texas Centers for Border Economic and Enterprise Development, Border Trade Data

GOVERNMENT

In order to manage a number of issues that are unique to the border region, several local, state, and federal agencies are located in El Paso. For instance, federal agencies, including the Immigration and Naturalization Service (INS), the Drug Enforcement Agency (DEA) and the U.S. Customs Service, regulate the flow of traffic and goods through the El Paso ports of entry. With a substantial number of public school enrollments, the local school districts must have a sufficient labor force to meet the challenge of educating El Paso's future leaders. Finally, Fort Bliss contributes both a considerable impact on the local economy as well as opportunities for civilian employees in the El Paso area.

EMPLOYMENT GROWTH

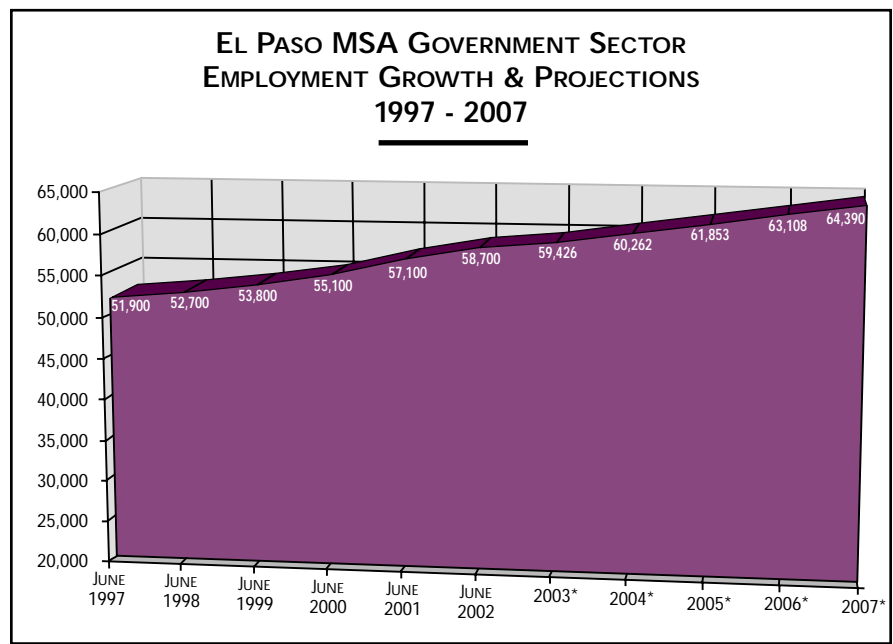
Currently accounting for 22.6% of the El Paso MSA workforce, government is the third largest employment sector. From 1996 to 2001, there were approximately 8,300 public sector positions created in El Paso, a 16.7% increase in the number of federal, state and local government workers in the region. The forecast is for the government sector to add about 5,000 new positions by 2006.

FORT BLISS AND THE EL PASO ECONOMY

The City of El Paso is home to Fort Bliss, the largest Air Defense Artillery Training Center in the world. Since 1848, Fort Bliss has grown steadily alongside its host city. Located in the northeastern region of El Paso, Fort Bliss currently stretches over 1,119,700 acres into Southern New Mexico. The base occupies an area larger than the entire state of Rhode Island.

TOP TEN GOVERNMENT SECTOR EMPLOYERS	
EMPLOYER	NUMBER OF EMPLOYEES
1. El Paso Independent School District	8,463
2. Ysleta Independent School District	7,025
3. Fort Bliss Civilian Employees	6,500
4. City of El Paso	5,457
5. El Paso Community College	3,770
6. The University of Texas at El Paso	3,686
7. Socorro Independent School District	2,800
8. County of El Paso	2,500
9. U.S. Department of Justice (INS, FBI, DEA & Border Patrol)	2,116
10. State of Texas (DHS, State Center, TxDOT, Health, DPS)	1,917

Source: Department of Economic Development, City of El Paso, June 2002.



Source: Texas Workforce Commission, Labor Market Information

*Source: Texas Perspectives, Inc., July 2002

Fort Bliss hosts "Roving Sands," the world's largest Joint Tactical Air Operations exercise that utilizes Army, Marine, and multi-national air defense units to create an integrated air defense network. While the primary mission of the post is air defense, it is also home to U.S. Army Sergeants Major Academy, Joint Task Force-6 and

the William Beaumont Army Medical Center. As of June 2002, Fort Bliss supported over 118,923 combined military and civilian personnel. Of this total, 12,453 are active duty military personnel; 33,484 are retirees; 6,788 are civilian employees; and 66,198 are family members (active and retired).

Total economic activity (as measured by personal income) is approximately \$1.7 billion. This impact includes direct spending on salaries and pensions, as well as earnings created by the ripple effects associated with the Base's payroll and contracting. To put this figure in context, total personal income in El Paso is estimated to be \$13.5 billion this year, meaning that Fort Bliss accounts for approximately 13% of the local economy.

In addition, Fort Bliss is widely recognized for its excellent relations with the El Paso community. Base units participate in a variety of community programs designed to help children, promote volunteerism and cultivate strong ties with the city. Fort Bliss units also participate in the "Partnership in Progress" program, in which local businesses form partnerships with units and formulate a learning exchange program.

FORT BLISS EXPENDITURES IN EL PASO

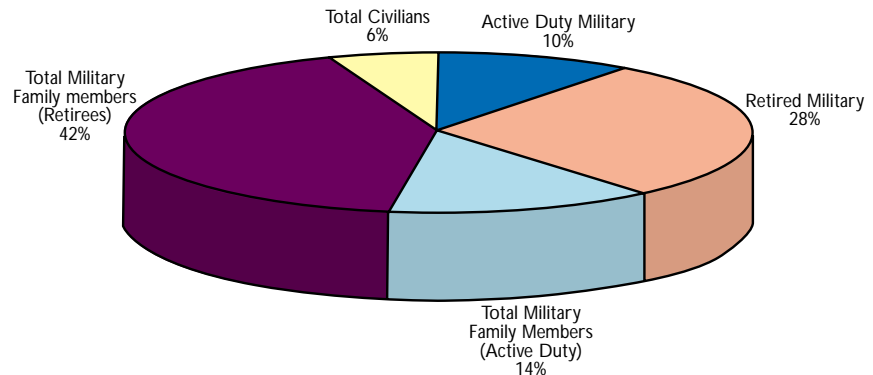
FISCAL YEAR*	EXPENDITURES** (IN MILLIONS)
1990	\$785.1
1991	\$806.0
1992	\$946.0
1993	\$950.0
1994	\$1,180.2
1995	\$1,240.3
1996	\$1,072.3
1997	\$1,069.9
1998	\$954.7
1999	\$982.5
2000	\$888.6
2001	\$951.3

*Fiscal Year runs from October 1 to September 30

**Includes payroll amounts

Source: Public Affairs Office, U.S. Army Air Defense Artillery Center and Fort Bliss, Fort Bliss, Texas, June 2002.

FORT BLISS POPULATION PROFILE, JUNE 2002



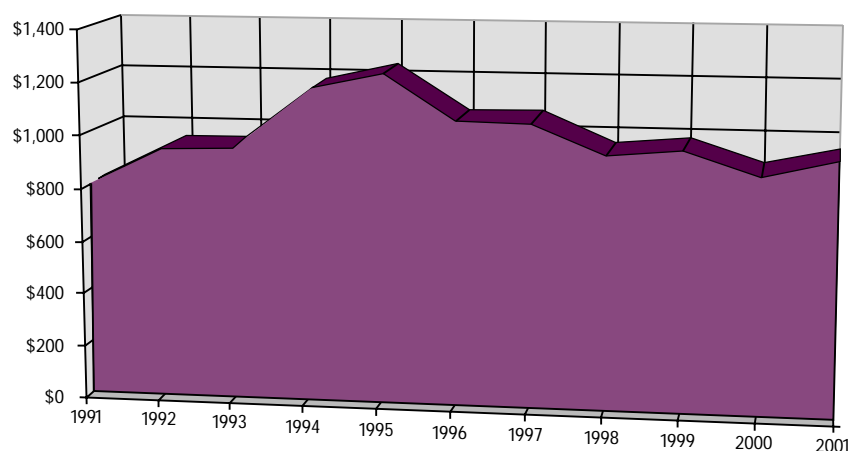
Source: Public Affairs Office, U.S. Army Air Defense Artillery Center, Fort Bliss, Texas

FORT BLISS POPULATION PROFILE JUNE 2002

Active Duty Military	12,453
Retired Military	33,484
Total Military Family Members (Active Duty)	16,633
Total Military Family Members (Retirees)	49,565
Total Civilians	6,788
TOTAL POPULATION SUPPORTED	118,923

Source: Public Affairs Office, U.S. Army Air Defense Artillery Center and Fort Bliss, Fort Bliss, Texas, June 2002

FORT BLISS EXPENDITURES ECONOMIC IMPACT ON EL PASO 1991 - 2001



Source: Public Affairs Office, U.S. Army Air Defense Artillery Center and Fort Bliss, Fort Bliss, Texas, June 2002

TRANSPORTATION, COMMUNICATIONS AND PUBLIC UTILITIES

The New Old West

The transportation, communications and public utilities sector of the El Paso economy has traditionally consisted of several companies that helped to define the city's character. In the late 19th century, El Paso experienced rapid growth as an important hub along the developing railroad system. Throughout the 20th century, El Paso counted Union Pacific, El Paso Natural Gas and El Paso Electric Company among its major employers. As we begin the 21st century, El Paso still relies on growth in this sector. Transportation and communications remain an essential component in the regional economy because of the proximity to the border, the implementation of NAFTA and the proliferation of the maquiladoras. Just as the railroads fueled El Paso's growth in the 19th century, the city's excellent telecommunications infrastructure is helping El Paso to prosper in the New Economy of the 21st century.

EMPLOYMENT GROWTH

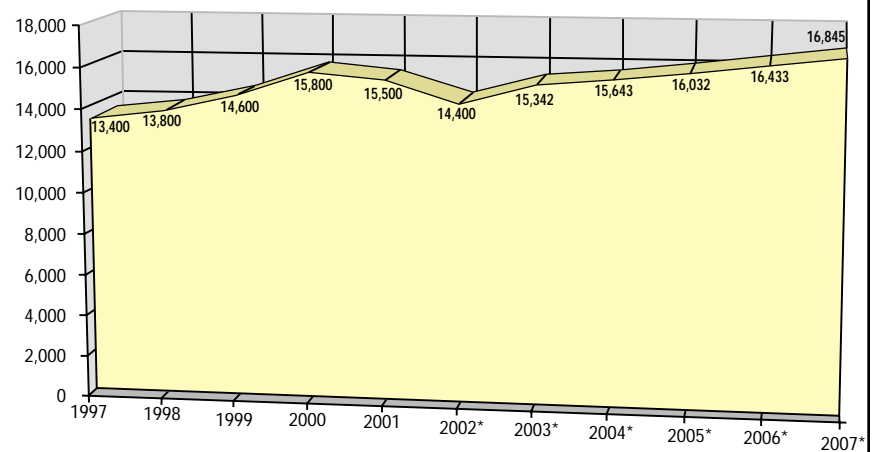
The transportation, communications and public utilities (TCU) sector has experienced solid growth over the past five years, with a net job gain of 3,106. The forecast is for these industries to add 1,145 new jobs through 2006, representing annual growth of about 1.5%.

TOP TRANSPORTATION, COMMUNICATIONS AND PUBLIC UTILITIES EMPLOYERS

EMPLOYER	TYPE OF BUSINESS	NUMBER OF EMPLOYEES
El Paso Electric Company	Electric Utility	1,004
Southwestern Bell	Telecommunications	800
Union Pacific Railroad Company	Railroad & Freight	562
Miles Group, Inc. (a division of UPS)	Trucking Warehousing Brokerage	307
Time Warner Communications	Cable TV	300
Southern Union Gas	Gas Utility	230
Timely Integrated	Trucking	183
El Paso Disposal	Waste Disposal	150
Southwest Airlines	Airline	150

Source: Department of Economic Development, City of El Paso, June 2002.

EL PASO MSA TRANSPORTATION, COMMUNICATIONS AND PUBLIC UTILITIES EMPLOYMENT GROWTH & PROJECTIONS 1997 - 2007

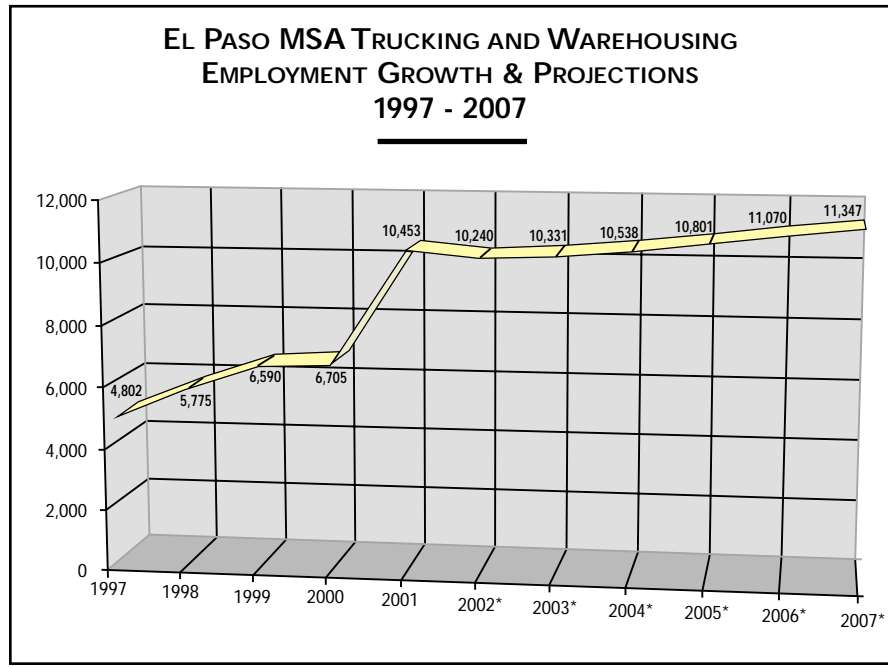


Source: Texas Workforce Commission, Labor Market Information

*Source: Texas Perspectives, Inc., July 2002

TRUCKING AND WAREHOUSING

Almost 70% of employment in the broad TCU sector is in transportation, up 53% from 1996. NAFTA and the growth of production sharing has been responsible for much of this rise, as the demands of the maquila industry have contributed to a sharp rise in trucking and warehousing activity over the past five years. This trend is expected to continue, with the forecast for transportation employment to rise from 10,453 jobs last year to just over 11,000 positions by 2006. Growth in the trucking industry often entails small business entrepreneurs who have started small and have grown robustly to a fleet of trucks within a few years. Some economists in the area argue that this rapid growth is spurred by the maquiladora industry. Given the large scale expansion of the maquiladora in-bond assembly sector across the state of Chihuahua, it is not surprising that the greatest increases in cross-border bridge traffic are in the form of cargo vehicles flowing through Central and East El Paso. For these reasons, opportunities are abundant in the El Paso trucking and warehousing industry.



Source: Texas Workforce Commission, Labor Market Information
*Source: Texas Perspectives, Inc., July 2002

AGRICULTURE, MINING AND CONSTRUCTION

The New Old West

AGRICULTURE AND MINING

The restructuring of the El Paso economy is evident in the declining role of commodities, as the combination of agriculture and mining has fallen from 1.7% of the local workforce during 1996 to less than 1% last year. Almost 2,000 positions have been eliminated over this period. While the rate of decline is expected to slow over the next five years, these sectors will play a smaller role in the El Paso economy of the future.

CONSTRUCTION

As El Paso's economy continues to grow and diversify, the demand for new construction should remain strong. A number of factors contribute to ongoing growth (the need for new housing to meet a growing population, expanding commercial and industrial facilities to reflect relocations and expansions, and continued investment in local infrastructure to serve the needs of both individuals and business). As a result, construction valuations have reached an all-time high, a trend helped in large measure by attractive interest rates.

EMPLOYMENT GROWTH

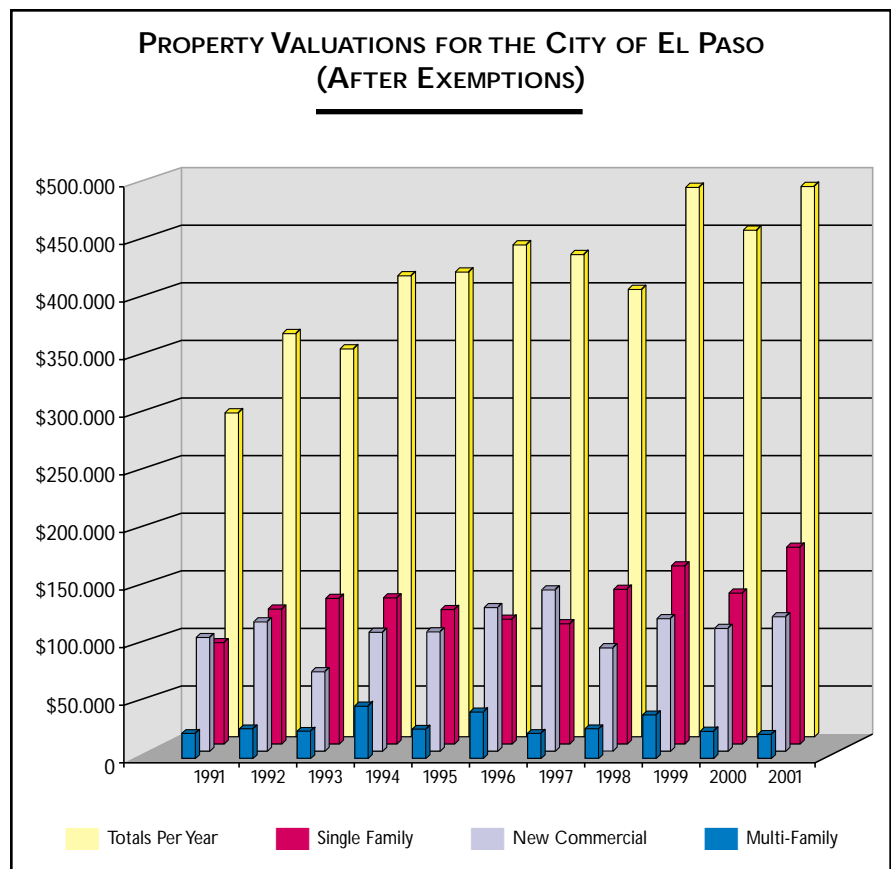
The construction sector has maintained a fairly steady share of the overall employment base since 1996, accounting for 4.6% of El Paso MSA total jobs last year. A total of 701 positions have been added over this period, with the forecast for an additional 548 jobs by 2006.

CONSTRUCTION PERMITS AND VALUATIONS

In 2001, the City of El Paso Building Services Department issued \$489 million in building permits. Among these building permits, 3,051 permits valued at \$175.54 million were for single-family homes, and 40 permits valued at \$5.32 million were for duplexes and multi-family complexes. The city also issued 2,084 permits valued

at \$15.86 million for residential additions and alterations.

For 2001, 198 new commercial construction permits were issued by the City of El Paso, valued at \$114.66 million. For commercial additions and alterations, the Building Services Department issued 768 permits valued at \$138.64 million.



Source: Building Services Department, City of El Paso, Annual Construction Report, April 2002

CITY OF EL PASO CONSTRUCTION PERMITS ISSUED AND VALUATION (DOLLAR ITEMS IN MILLIONS)

		MULTI FAMILY		SINGLE FAMILY		NEW COMMERCIAL		TOTALS PER YEAR
1990	18	\$5.290	1,829	\$96.35	167	\$91.50	9,246	\$278.84
1991	35	\$6.460	1,587	\$87.88	231	\$96.76	12,308	\$289.81
1992	55	\$10.55	2,149	\$120.33	164	\$110.72	9,009	\$368.60
1993	82	\$8.790	2,320	\$133.34	120	\$67.52	9,078	\$346.72
1994	136	\$34.92	2,190	\$132.34	154	\$101.84	9,743	\$409.34
1995	84	\$10.04	2,157	\$121.43	164	\$101.68	9,750	\$415.42
1996	89	\$28.71	2,071	\$112.74	164	\$122.30	11,622	\$436.96
1997	41	\$6.52	2,144	\$106.69	187	\$141.31	10,156	\$427.35
1998	86	\$10.60	2,873	\$140.09	157	\$87.29	10,840	\$398.70
1999	192	\$24.94	3,039	\$157.82	185	\$112.32	10,835	\$484.05
2000	85	\$8.96	2,649	\$138.87	599	\$104.35	10,239	\$449.54
2001	40	\$5.32	3,051	\$175.54	198	\$114.66	10,598	\$489.14

Source: Building Services Department, City of El Paso

Some of the large projects in El Paso for 2001 included:

- \$4.56 million for Kohl's Department Store at 5680 North Desert Boulevard.
- \$5.2 million for Air Cargo Building Four at 501 George Perry Boulevard.
- \$5.17 million for Manufacturing Warehouse at 1101 Burgundy Drive.
- \$1.83 million for El Paso Community College Classrooms & Labs at 6701 South Desert Boulevard.

For additional information on transportation construction and real estate in El Paso, see the Infrastructure, Location and Utilities section of this fact book.

FINANCE, INSURANCE AND REAL ESTATE

The finance, insurance and real estate (F.I.R.E.) economic sector in El Paso enjoyed stability throughout the 1990's. While the Mexican economy remains influential over that of El Paso, the city's economy enjoys the financial strength of the U.S. Employment figures have remained just under 10,000, and real estate sales and banking deposits have been steady as well.

EMPLOYMENT GROWTH

The finance, insurance and real estate sector accounted for 4.3% of the El Paso MSA labor force during 2001, at just under 11,000 jobs. Growth in this employment sector has been strong for the past five years, with an increase of 2,800 positions since 1996. The forecast is for employment in finance, insurance and real estate to add over 500 jobs by 2006, an annual gain of just over 1%.

RESIDENTIAL CONSTRUCTION AND REAL ESTATE

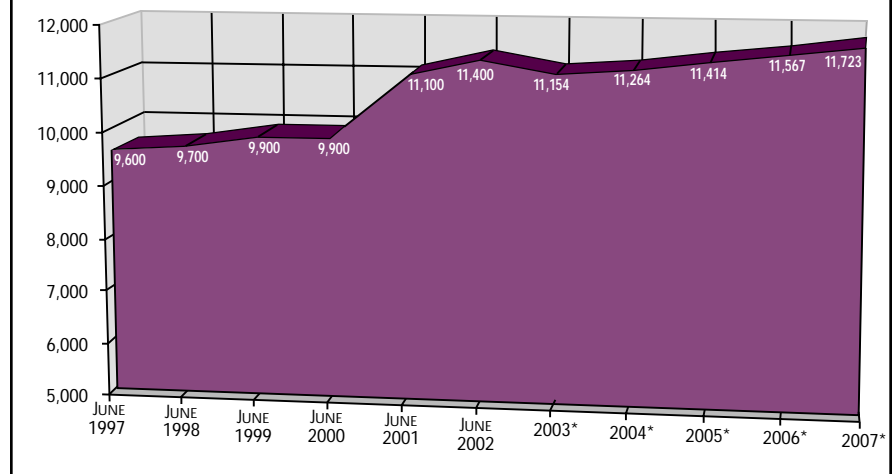
Economic growth and low interest rates are stimulating demand for housing in El Paso. According to the Texas A&M Real Estate Research Center, local single-family building permits reached 3,317 last year, a gain of 15% from 2000. Similarly, the average price of a home sold rose from \$98,200 to \$105,200 over the same period, an increase of 7.1%.

TOP SIX FINANCE, INSURANCE AND REAL ESTATE SECTOR EMPLOYERS

EMPLOYER	TYPE OF BUSINESS	NUMBER OF EMPLOYEES
1. Government Employees Credit Union	Credit Union	477
2. Wells Fargo Bank	Bank	351
3. Bank of America	Bank	216
4. Chase Bank of Texas	Bank	200
5. State National Bank	Bank	180
6. Bank of the West	Bank	170

Source: Department of Economic Development, City of El Paso, June 2002

EL PASO MSA FINANCE, INSURANCE AND REAL ESTATE SECTOR EMPLOYMENT GROWTH & PROJECTIONS 1997 - 2007



Source: Department of Economic Development, City of El Paso, June 2002

*Source: Texas Perspectives, Inc., July 2002

FINANCE, INSURANCE AND REAL ESTATE

EL PASO BANKING

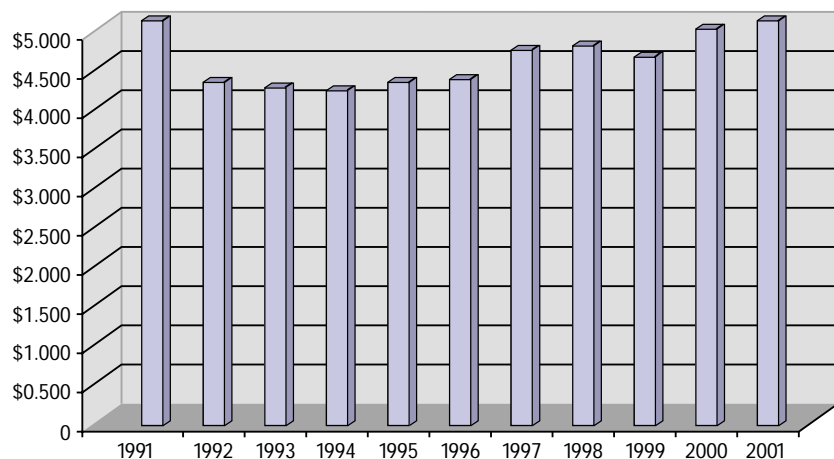
El Paso bank deposits held steady at over \$4 billion in the 1990's, with \$4.96 billion in 2001. In order to help address the need for increased lending in the area, the City of El Paso, the County of El Paso, and several local banks have recently reestablished an Economic Development Administration (EDA) Multi-Bank Revolving Loan Fund with leveraging potential of \$5.1 million in Small Business Administration (SBA) loans. In addition, several El Paso banks have expressed a commitment to lending in El Paso. Finally, the SBA recognized its El Paso office for guaranteeing 164 loans, valued at \$32.7 million, in fiscal year 1999. This increase in SBA loans was attributed, in part, to the assistance of the Community Adjustment Investment Program (CAIP).

EL PASO TOTAL BANK DEPOSITS
(IN BILLIONS)

YEAR	BANK	SAVINGS & LOAN	CREDIT UNIONS	TOTALS
1990	\$3.178	\$1.078	\$0.649	\$4.905
1991	\$3.081	\$1.113	\$0.782	\$4.976
1992	\$3.053	\$0.283	\$0.853	\$4.189
1993	\$2.940	\$0.246	\$0.879	\$4.065
1994	\$2.920	\$0.243	\$0.891	\$4.055
1995	\$2.974	\$0.266	\$0.921	\$4.161
1996	\$3.136	\$0.157	\$0.965	\$4.259
1997	\$3.441	N/A	\$1.103	\$4.544
1998	\$3.538	N/A	\$1.134	\$4.672
1999	\$3.219	N/A	\$1.186	\$4.406
2000	\$3.350	N/A	\$1.503	\$4.853
2001	\$3.593	N/A	\$1.376	\$4.969

Source: Federal Deposit Insurance Corporation
National Credit Union Association

EL PASO TOTAL BANK DEPOSITS
1991 - 2001
(IN BILLIONS)



Source: Federal Deposit Insurance Corporation
National Credit Union Association



INFRASTRUCTURE
LOCATIONS &
UTILITIES



INFRASTRUCTURE

Native Yucca Plant

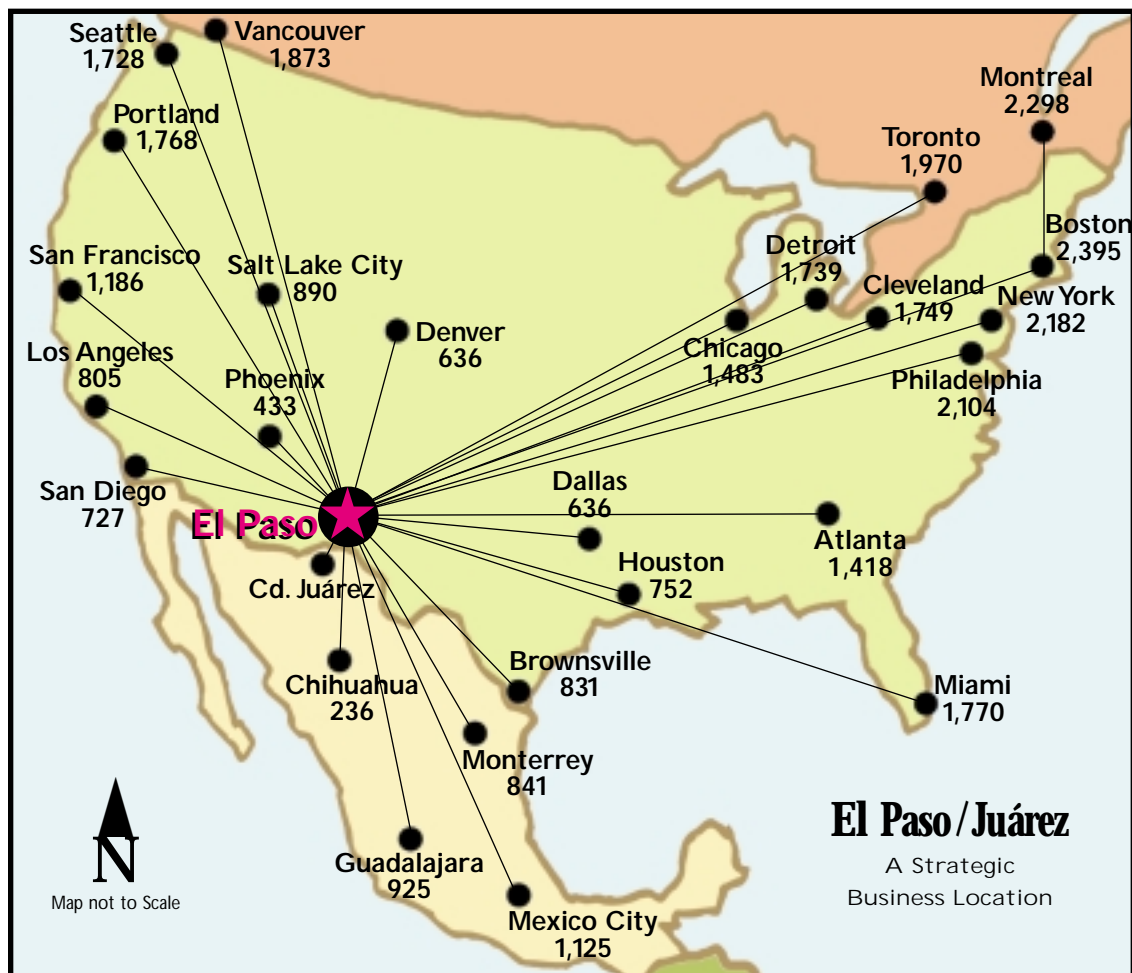
LOCATION

Situated on the border of two nations and three states, El Paso's location presents a unique array of opportunities. El Paso and its sister city, Ciudad Juárez (located in the Mexican state of Chihuahua), comprise the largest metropolitan area on the border between the United States and Mexico; in fact, the downtown areas of these two cities are within walking distance of each other. El Paso's location offers excellent opportunities for businesses to access markets in Mexico and Latin America capitalize on NAFTA and the maquiladora industry. Moreover, El Paso's central location yields a strategic proximity to markets across North America.

DISTANCES BETWEEN EL PASO AND MAJOR CITIES (IN MILES)

Atlanta	1,418	Salt Lake City	890
Boston	2,395	San Diego	727
Brownsville	831	San Francisco	1,186
Chicago	1,483	Seattle	1,728
Cleveland	1,749	Washington, DC	1,964
Dallas	636	Calgary	1,794
Denver	636	Montreal	2,298
Detroit	1,739	Toronto	1,970
Long Beach, CA	813	Chihuahua	236
Los Angeles	805	Guadalajara	925
New York	2,182	Matamoros	405
Philadelphia	2,104	Mexico City	1,125
Phoenix	433	Monterrey	841
Portland	1,768	Tijuana	722

Source: Mapquest

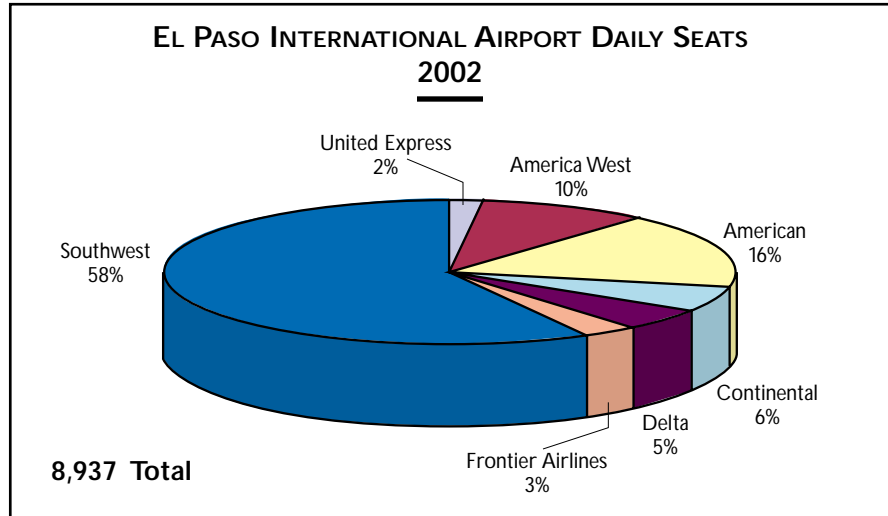


TRANSPORTATION INFRASTRUCTURE

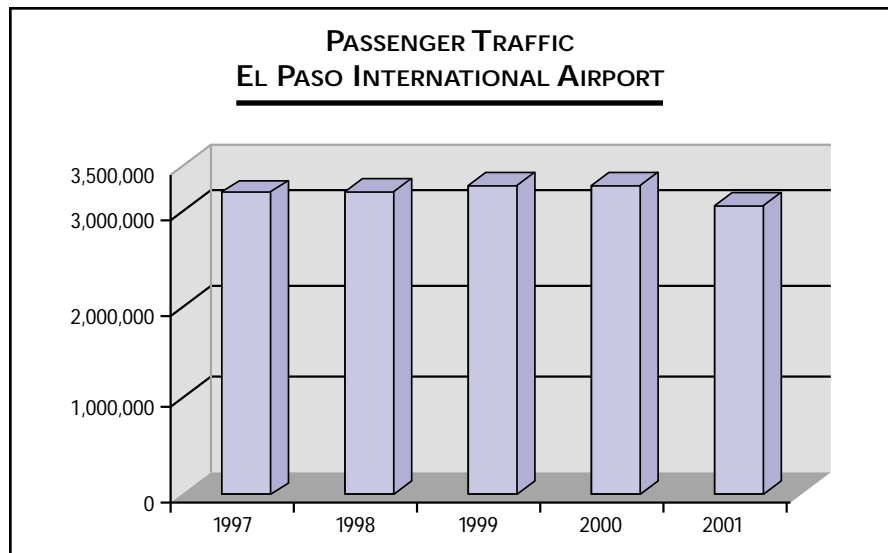
With an interstate highway system providing both east/west and north/south access, rail facilities serving every North American market, and the newly renovated and expanded El Paso International Airport, El Paso has the transportation infrastructure that allows access to markets from coast to coast.

AIR TRANSPORTATION

Over the past five years, the City of El Paso has invested over \$120 million in air transportation facilities. These investments in passenger and air cargo infrastructure have created opportunities for existing and future borderplex commerce that are unrivaled on the U.S.-Mexico border. The border's newest passenger terminal hosts nine airlines (American, America West, Delta, Continental, Frontier, United, Southwest, Aerolitoral and Azteca), with non-stop service to 19 destinations, including eight major hubs with convenient connections linking El Paso to the Pacific Rim and Europe. El Paso airline capacity is substantial, with almost 9,000 scheduled airline seats into and out of the city on a daily basis. El Paso's air service is second to none on the U.S.-Mexico border and is one of many factors making El Paso the best choice for business associated with U.S.-Mexico trade.



Source: El Paso International Airport



Source: El Paso International Airport

TRANSPORTATION INFRASTRUCTURE

AIR TRAFFIC AT THE EL PASO INTERNATIONAL AIRPORT

YEAR	ENPLANED PASSENGERS	DEPLANED PASSENGERS	TOTAL
1991	1,677,353	1,610,370	3,287,728
1992	1,713,244	1,657,761	3,371,005
1993	1,772,675	1,716,661	3,489,366
1994	1,881,298	1,848,772	3,730,070
1995	1,835,079	1,789,731	3,625,074
1996	1,799,751	1,759,321	3,559,072
1997	1,633,458	1,600,537	3,233,995
1998	1,635,282	1,605,400	3,240,682
1999	1,691,632	1,647,984	3,339,616
2000	1,688,134	1,624,585	3,312,719
2001	1,564,380	1,527,328	3,091,708

Source: El Paso International Airport Operations.

AIR CARGO

In a balanced development of aviation infrastructure, El Paso has in the last three years developed the border's largest and most modern air cargo complex. The new development includes 350,000 square feet of cargo warehousing and over 35 acres of aircraft parking area. El Paso's air cargo has expanded from an annual volume of 38,000 tons in 1990 to a present day volume approaching 100,000 tons. Air cargo services are provided by:

- Airborne
- BAX Global
- C&M Airways
- DHL Airways
- EGL
- Emery
- Federal Express
- Kitty Hawk
- UPS & UPS International
- USA Jet



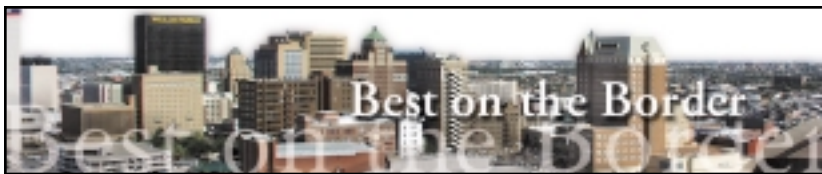
Source: El Paso International Airport

Although air cargo consists of only 1% of the nation's total cargo ton miles, it represents 38% of the dollar value of goods transported in the U.S. economy. El Paso's air cargo facilities and capabilities are a powerful economic development tool for existing and future borderplex businesses, making El Paso the best choice on the U.S.-Mexico border for transportation-intensive industries. In the current decade, El Paso's air cargo volumes are forecast to exceed 220,000 tons. El Paso International Airport has the infrastructure to accommodate these projected levels of cargo.

Some additional aspects of trade on the El Paso-Juárez border:

- Between 1990 and 1999, U.S.-Mexico trade grew 236%.
- Twenty percent of U.S.-Mexico overland trade passes through El Paso.
- El Paso's transportation employment grew 82% in the years 1990-1999.
- Ciudad Juárez has the largest maquiladora employment concentration of any Mexican city, with more than 200,000 workers with an estimated value added of \$3.4 billion.

Source: El Paso Business Frontier, Federal Reserve Bank of Dallas, El Paso Branch, Issue 1, 2002



El Paso International Airport



El Paso International Airport provides extensive and efficient commercial passenger service and boasts the largest and most modern air cargo complex on the U.S.-Mexico border.

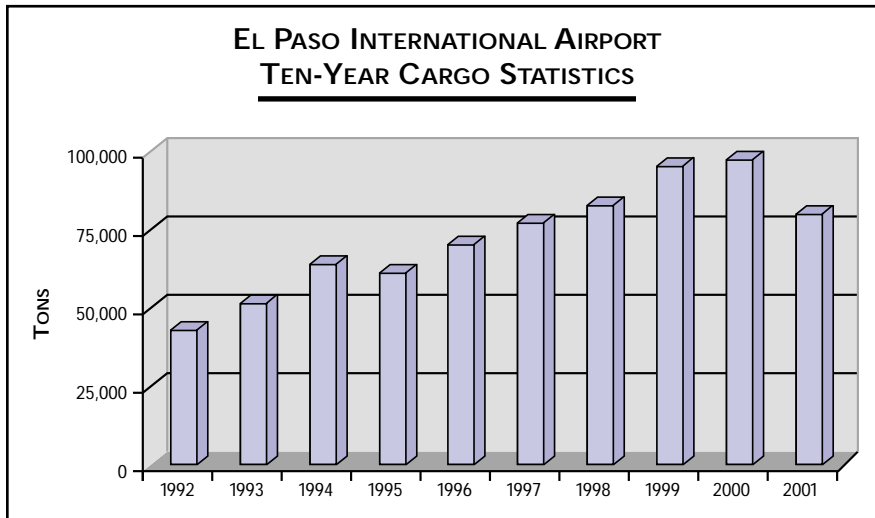
- Serving the Greater El Paso area, including West Texas, Southern New Mexico and the Mexican state of Chihuahua, EPIA offers nineteen non-stop destinations with connections throughout the U.S. and the world.
- EPIA is served by nine passenger airlines including Southwest, American Airlines, Continental, America West, United Aeroliteral, Azteca, Frontier and Delta.
- The airport serves 3.5 passengers annually.
- The excellent weather and modern aviation facilities enable the smooth and reliable flow of air traffic.

CARGO FACILITIES

- EPIA hosts seven major air cargo companies including FedEx, UPS, Airborne, BAX, DHL EGL and Emery.
- Newly completed cargo facilities include over 300,000 square feet of cargo space.
- El Paso International Airport moves over 100,000 tons of air cargo per year.
- The airport hosts over 1,000 acres of fully developed industrial parks.
- One of the fastest growing U.S. cargo markets.



TRANSPORTATION INFRASTRUCTURE

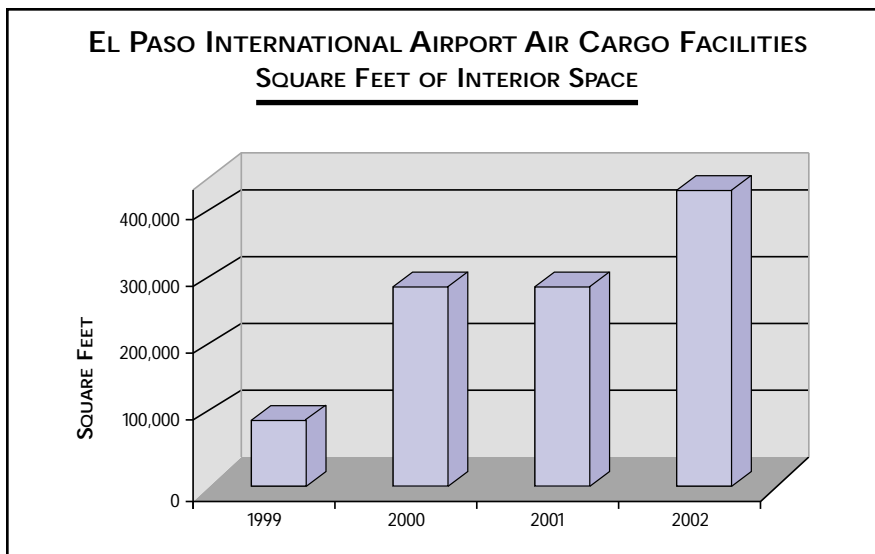


Source: El Paso International Airport

RAIL TRANSPORTATION

Main Line Operations:

- Burlington Northern & Santa Fe
- Union Pacific
- Ferrocarril Mexicano
(a Mexican freight line)
- National Railroad of Mexico
(Ferrocarriles Nacionales de Mexico)
- Amtrak
(National Rail Passenger Service)



Source: El Paso International Airport

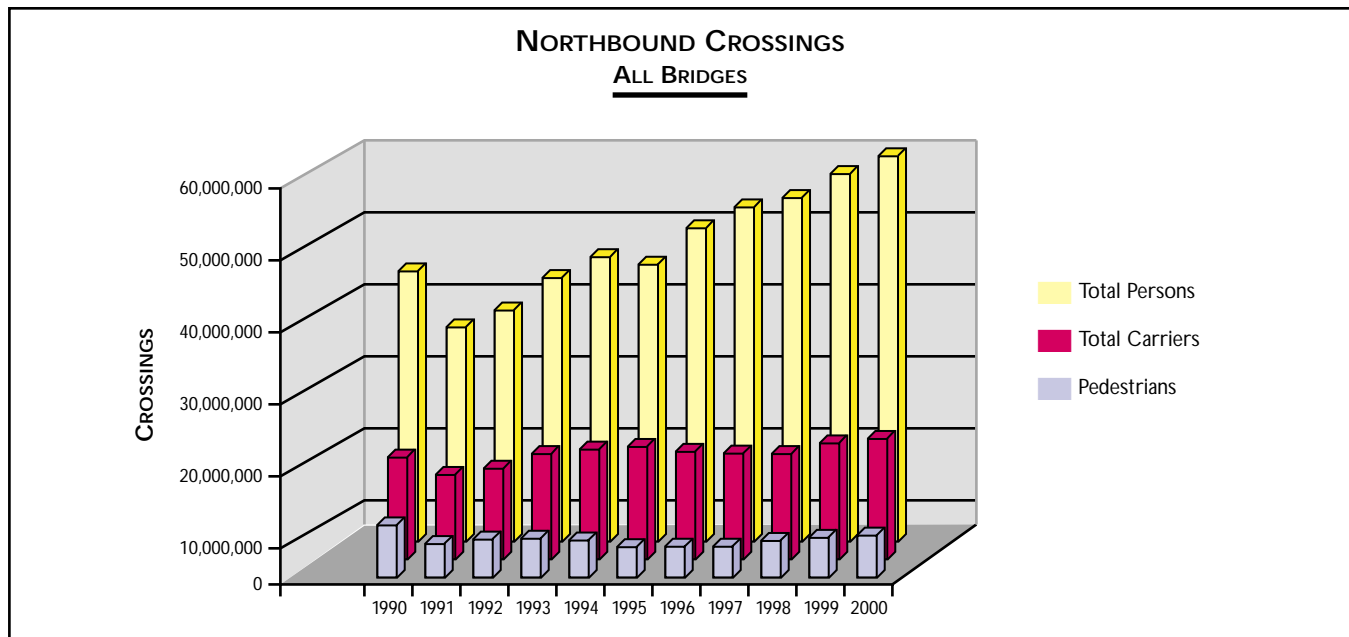
HIGHWAY TRANSPORTATION

According to local officials, about 17% of El Paso traffic is considered NAFTA-related. Despite increased traffic, El Paso congestion levels are low compared to other cities. In a study of 68 cities by the Texas Transportation Institute, El Paso tied with three other cities for the fourth easiest commute.

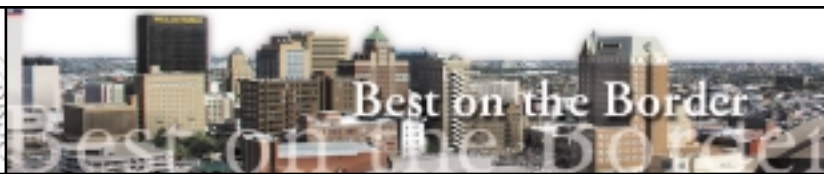
Completion of structural improvements to the Bridge of the Americas, expanding trade in both components and finished goods, and demographic growth throughout the border region will cause rising volumes

of northbound bridge flows into El Paso. Pedestrian traffic crossings into El Paso from Mexico were 7,234,043 in 2001, while personal automobile crossings surpassed 16 million. In 1999, a Dedicated Commuter Lane (DCL) was opened to expedite the cross-border traffic of commuters to United States and Mexico facilities. In addition, El Paso was one of the first ports of entry to utilize non-intrusive inspection technology, including two fixed-site truck X-ray systems. These systems were initially installed at the ports of entry in 1998 and have been critical in optimizing the area's border crossing traffic.

According to an Interstate 10 West Corridor Major Investment Study sponsored by the Texas Department of Transportation, an estimated \$320 million will be spent to improve and expand El Paso roadways, including Interstate 10, Mesa, Doniphan and Paisano over the next 20 years. An additional \$49 million has been proposed to assist with the mass transit capital costs in the region. In 2000-2001, approximately \$30 million was spent on improvements along Interstate 10, including landscaping, rehabilitation, bridge improvements and portions of a freeway management system.



Source: City of El Paso Department of Planning, Research, and Development, July 2002.



LINKING EL PASO TO THE WORLD

El Paso offers one of the most sophisticated telecommunications networks in the country. The city's telecommunications infrastructure includes:

- An interlocking system of digital networks
- Fiber optics serving all major industrial, commercial and residential areas
- Strategic positioning on all major fiber optic networks
- Satellite communications
- Electronic switching on 100% of local access lines
- Strategic communications alliances with Mexico
- State-of-the-art data transmission infrastructure

The city is strategically located on all major digital networks with all major long distance carriers having at least one point of presence (POP), or direct access to the backbone of the Internet, in El Paso. AT&T has two points of presence. A new nationwide conduit and fiber optic network by PFNet for AT&T connects El Paso to over 50 major metropolitan areas. The fiber optic cable in this network provides a full range of service options, and allows for sales of dark fiber to local telecommunications companies.

Williams Communications has fiber optic network infrastructure in El Paso. The network connects with Denver, Colorado and consists of approximately 750 route miles. Williams Communications currently has only two international cable landings along the southern United States border; one landing is in El Paso. Williams Communications also operates a point of presence out of downtown El Paso.

MCI has made El Paso its major telecommunications hub into Mexico. Avantel, a telecommunications joint venture formed by MCI WorldCom and Grupo Financiero Banamex-Accival (Banacci), has a border-crossing junction in El Paso/Ciudad Juárez, facilitating communications traffic between the United States and Mexico. The backbone of Sprint's 100% fiber optic network also runs through the area. Fiber optic networks serve the central business district and every industrial and business park in the city. Fiber optic access, however, is not contingent on a location within one of the existing networks.

A multitude of services are available to customers in the El Paso area. Among these services, besides basic dial tone, are Frame Relay, ATM, DS1, DS3, OC3, OC12, OC48, OC192, Transport Resource Management, SONET, Self-healing Network Management, Select Video, Select Data, Network Reconfiguration, Cell Relay Services, Custom Services, ADSL, Wiring, Analog Private Line, Video, Central Office Muxing, Native LAN (10 and 100 Mbps), T1/DS1, DS3 and trunking services. Additional services tailored to meet specific client needs can be designed by area companies.

Time Warner Communications has offered Road Runner, Time Warner's high-speed online service, to El Pasoans since 1996. As part of its network expansion, Time Warner donated use of a fiber ring to non-profit and educational institutions, such as the University of Texas at El Paso, El Paso Community College, Region XIX, area school districts, Thomason Hospital, Texas Tech Medical Center, and Providence Memorial Hospital, among others, linking these concerns in a state-of-the-art information collaborative.

ELECTRICITY

Electric power is provided by the El Paso Electric Company, which also supplies electricity to southern New Mexico and other points in West Texas. El Paso Electric has ensured the availability of electricity to its customers by acquiring a portion of Arizona's Palo Verde Nuclear Generation Station, while also relying on coal-generated power from New Mexico.

ELECTRIC RATES	
SCHEDULE No. 2	SMALL COMMERCIAL SERVICE RATE
Customer Charge	\$5.50 per month, plus
Energy Charge	\$0.11573 per kilowatt-hour for first 1,500 kilowatt-hours \$0.10288 per kilowatt-hour for all additional kilowatt-hours
Fixed Fuel Charge	\$0.02420 per kilowatt-hour at secondary voltage
<i>This rate is available to all commercial customers for lighting, power and heating service.</i>	
SCHEDULE No. 24	GENERAL SERVICE RATE
Customer Charge	\$13.00 per month
Demand Charge	\$12.75 per kilowatt
Energy Charge	\$0.04589 per kilowatt-hour for first 200 kilowatt-hours \$0.03593 per kilowatt-hour for next 150 kilowatt-hours \$0.02295 per kilowatt-hour for all additional kilowatt-hours
Fixed Fuel Charge	\$0.02420 per kilowatt-hour at secondary voltage (maximum demand - 600 kilowatts)
<i>Service under this rate shall be limited to customers who otherwise do not qualify for service under the company's other commercial service rates.</i>	
SCHEDULE No. 25	LARGE POWER SERVICE RATE
Customer Charge	\$100.00 per month
Demand Charge	\$20.25 per kilowatt
Energy Charge	\$0.02074 per kilowatt-hour for first 400 kilowatt-hours \$0.00550 per kilowatt-hour for all additional kilowatt-hours
FACTOR	\$0.02420 per kilowatt-hour at secondary voltage (minimum Demand - 600 kilowatts)

UTILITIES

WATER AND SEWER SERVICE

The El Paso Public Service Board administers water supply and sewage. Although current water supplies, obtained from a combination of the Hueco Bolson and the Rio Grande River, are adequate for the anticipated growth of the city into the 21st century, the Public Service Board is implementing a detailed plan aimed at providing a reliable supply of fresh water for the next 100 years. Water conservation is practiced throughout the year. One example of these efforts is the implementation of even/odd watering days for residents in which even numbered addresses can only water their lawns on Tuesday, Thursday or Saturday, and odd numbered addresses water on Wednesday, Friday or Sunday. As a result of these and other conservation measures, the city's water usage has remained constant despite an increase in the water demand. For further information on water rates and the availability of water in El Paso, please visit www.epwu.org.

WATER RATES

BASIC RATES

The monthly charges consist of a minimum charge based on meter size, in addition to a charge for consumption in excess of the volume specified in the minimum.

METER SIZE	MINIMUM MONTHLY BILL
1"	\$ 5.80
4"	\$35.66
6"	\$54.08
8"	\$92.64

Volume charge per CCF† in excess of the volume allowance included in the minimum charge (4 CCFs)

Block I	over 4 CCFs to 150% of AWC	\$0.85 per CCF
Block II	150% to 250% of AWC	\$1.61 per CCF
Block III	over 250% of AWC	\$1.90 per CCF

Note: AWC (Average Winter Consumption) is the average amount of water used during the most recent December, January and February billing periods.

WATER SUPPLY REPLACEMENT CHARGE

This charge was established in order to finance alternative surface water solutions as a result of a depleting underground water supply. Despite this rate increase, El Paso's combined water and sewer rates are still among the lowest in Texas and among the lowest in the entire Southwest.

SIZE OF SERVICE	MONTHLY CHARGE
1"	\$ 9.91
4"	\$ 99.06
6"	\$198.12
8"	\$368.50

STANDBY FIRE PROTECTION

A monthly standby charge will be assessed based on the size of the service as follows:

SIZE OF SERVICE	MONTHLY CHARGE
1.5"	\$ 3.30
4"	\$ 9.52
6"	\$13.21
8"	\$22.00

Volume charge - \$0.85 per CCF

SEWAGE RATES

The sewer service charge consists of a minimum monthly charge based on water usage as measured by the water meter serving the property.

METER SIZE	MINIMUM MONTHLY BILL
1"	\$ 17.90
4"	\$163.29
6"	\$252.92
8"	\$440.72

Volume charge - 4 CCF - 90% of AWC \$0.98 per CCF

CCF† - per Hundred Cubic Feet

TELEPHONE SERVICE

The regional Bell operating company for telephone service in El Paso is Southwestern Bell Telephone Company. Southwestern Bell Communications provides a full range of voice, data, networking and e-business services, as well as directory advertising and publishing. Competitive access is offered to commercial accounts through several competitive local exchange carriers such as e.spire Communications Inc., AT&T, Birch Telecom, Ionex Telecommunications, MCI and Westel Inc.

Cost for business service at the basic level, not including jack installation or other features such as Caller ID, is as follows:

SOUTHWESTERN BELL BASIC TELEPHONE SERVICE

SINGLE LINES	MONTHLY RATE	INSTALLATION
1	\$35.28	\$74.25
2	\$70.56	\$97.90
3	\$105.84	\$121.55
4	\$141.12	\$145.20
Additional	\$35.28/line	\$23.65/line

The cost to add features to a basic line can range between \$10 and \$15.

ISDN SERVICE

SBC/Southwestern Bell also offers Integrated Services Digital Network BRI lines. ISDN in concept is the integration of both analog or voice data together with digital data over the same network. The Basic Rate Interface consists of two 64 Kbps B channels and one 16 Kbps D channel. Thus, a Basic Rate user can have up to 128 Kbps service.

Monthly Price	\$54.40
Basic Installation	\$78.60
Jack Installation	\$140.00
Circuit Design Charge	\$250.00*

** This charge can be negotiated, depending on the contract period selected.*

DSL SERVICE

Digital Subscriber Loop (DSL) Internet Access Service is also available in some locations in El Paso. Subject to availability, DSL Internet access service is an information service combining DSL transport with Internet access. Southwestern Bell Communications DSL rates are as follows:

Monthly Basic	\$49.95
Basic Installation	\$50.00
Monthly Enhanced	\$74.95
Enhanced Installation	\$250.00

UTILITIES

NATURAL GAS SERVICE

Natural gas is distributed by Southern Union Gas Company and is regulated by the City Council at the local level and the Texas Railroad Commission at the state level. The company uses a mix of interstate, intrastate and spot market gas. This affords customers some of the lowest rates available along with one of the more stable gas supplies in the nation.

Southern Union Gas assists companies in finding cost effective alternative energy solutions for their energy needs. Issues such as co-generation, generation, peak shaving, air conditioning and direct drive (water pumping) are considered when assessing each customer's project needs. Southern Union works with engineering and architectural firms to assist in design suggestions that benefit each company. Gas transportation services are also available.

NATURAL GAS RATE SUMMARY

As of May 2002 the total cost of gas per CCF was \$0.3934.

COMMERCIAL RATE (INSIDE CITY LIMITS)

RATE CODE: G12 & GA2	ENERGY CHG	COST OF GAS	TOTAL RATE
First 100 CCF @	No Charge	+ 0.3934	= \$0.3934
Next 400 CCF @	0.0975	+ 0.3934	= \$0.4909
Next 2,500 CCF @	0.0825	+ 0.3934	= \$0.4759
Over 3,000 CCF @	0.0526	+ 0.3934	= \$0.4460

Customer Charge = \$13.89

INDUSTRIAL RATE (INSIDE CITY LIMITS)

RATE CODE: G13 & GA3	ENERGY CHG	COST OF GAS	TOTAL RATE
First 100 CCF @	0.1398	+ 0.3934	= \$0.5332
Next 400 CCF @	0.1148	+ 0.3934	= \$0.5082
Next 2,500 CCF @	0.0948	+ 0.3934	= \$0.4882
Over 3,000 CCF @	0.0748	+ 0.3934	= \$0.4682

Customer Charge = \$50.60



TAX STRUCTURE

FRANCHISE TAX

The franchise tax is imposed upon all corporations that do business in the state or are chartered or authorized to do business in the state. It is a tax on the privilege of doing business, measured by net taxable capital and net taxable earned surplus apportioned to Texas.

Apportionment is calculated using a single gross receipts formula, and allowable deductions apply to both the capital and earned surplus components. The tax rate on net capital assets is 0.25%, or \$2.50 per \$1,000 of net taxable capital. (Taxable capital is computed by adding the corporation's stated capital, as defined by state law, to the corporation's surplus.) The tax paid is the greater of either the taxable capital assets or the taxable earned surplus. There is no minimum tax, and no taxes are due on liabilities of less than \$100.

Net Taxable of Capital	0.25%
Net Taxable of Earned Surplus	4.50%

Note: There is neither corporate nor personal income tax in Texas.

(NO CORPORATE OR PERSONAL INCOME TAX IN TEXAS)

PROPERTY TAX STRUCTURE FOR ENTITIES IN EL PASO COUNTY

2001 PROPERTY TAX RATES	\$/100
City of El Paso	0.719833
El Paso County	0.361434
Thomason General Hospital	0.185468
El Paso Community College	0.127499
El Paso Independent School District	1.571579
Ysleta Independent School District	1.549581
Socorro Independent School District	1.558769
Canutillo Independent School District	1.606870

TOTAL TAX RATES (FIRST FOUR ENTITIES PLUS ONE SCHOOL DISTRICT)	\$/100
County, Hospital, EPCC, City of El Paso, Ysleta ISD	2.943815
County, Hospital, EPCC, City of El Paso, El Paso ISD	2.965813
County, Hospital, EPCC, City of El Paso, Canutillo ISD	3.001104
County, Hospital, EPCC, City of El Paso, Socorro ISD	2.953003

These rates apply to land and improvement and are levied per \$100 of assessed value.

Source: City of El Paso, June 2002.

SALES AND USE TAX

State Sales Tax	6.25%
Municipal - City of El Paso	1.00%
County - El Paso County	0.50%
Municipal Transit - Sun City Area Transit Tax	0.50%
Total El Paso Sales and Use Tax	8.25%
State Motor Fuels Tax	\$0.20/gallon
State & City Hotel/Motel Tax	14%
State Motor Vehicle Tax	6.25%

(includes sales tax, rental tax and interstate motor carriers tax)

REAL ESTATE

INDUSTRIAL REAL ESTATE AVAILABILITY/PRICING

MARKET DATA

INVENTORY 2001

	SQUARE FEET	PERCENTAGE
Total Industrial Real Estate	52,307,449	100%
Vacant Space Available	5,459,390	10.4%
Occupied Space	46,848,059	89.6%
Net Absorption in 2001	-99,947	

Total Construction in 2001: 1,197,162

SITE PRICES (\$/SF)

Improved Sites	Central City
Less than 2 acres	\$3.00
2-5 acres	\$2.75
5-10 acres	\$1.75
More than 10 acres	\$1.50
Unimproved Sites	Central City
Less than 10 acres	\$0.75
10 to 100 acres	\$0.50
More than 100 acres	\$0.20

SALES PRICES

	SALE PRICE (\$/SF) CENTRAL CITY	LEASE PRICE (\$/SF) CENTRAL CITY	CONSTRUCTION (\$/SF)
Less than 5,000 sf	\$30.00	\$5.00	\$35.00
5,000-19,999 sf	\$28.00	\$3.90	\$31.00
20,000-39,999 sf	\$27.50	\$3.60	\$28.00
40,000-59,999 sf	\$25.50	\$3.50	\$25.00
60,000-99,999 sf	\$23.50	\$3.40	\$22.00
100,000-250,000 sf	\$23.00	\$3.40	\$20.00
250,00+ sf	\$22.00	\$3.30	\$19.00

TAXES, INSURANCE & MAINTENANCE (\$/SF)

	WAREHOUSE & FACTORIES	RESEARCH & DEVELOPMENT
Real Estate Taxes	\$0.45 - 0.60	\$0.45 - 0.60
Insurance (fire and liability)	\$0.05 - 0.10	\$0.05 - 0.10
Structural & Roof Maintenance	\$0.05	\$0.05
Common Area Maintenance	\$0.15 - 0.45	\$0.15 - 0.45

Source: 2002 Society of Industrial & Office Realtors Report, Keller-Koch Realtors.

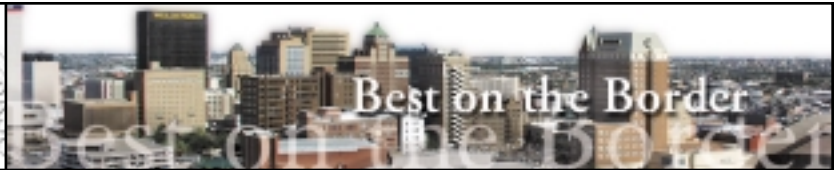
‡ CCF - per Hundred Cubic Feet



FINANCING & BUSINESS INCENTIVES

Mexican Charros

EL PASO'S BUSINESS COMMITMENT



THE REDEVELOPMENT AND INCENTIVE PROGRAM

The mission of the City of El Paso's Redevelopment and Incentive Program is to assist and encourage real and personal property investment that results in the creation, retention and expansion of new jobs in our community and new opportunities for El Paso businesses.

Through the efforts of a broad-based economic development collaborative, incentives, including cost reduction options, customized workforce training provisions and tax credits, have been identified and made available to companies relocating in El Paso.

The commitments that form the basis of the El Paso Incentive Program benefit prospective companies by allowing them sizable cost savings.

EL PASO INVESTMENT ZONES

The City of El Paso is host to a proliferation of Investment Zones. Location in an Investment Zone qualifies a company for a number of supplemental cost reduction programs and tax credits. Available zones include:

ENTERPRISE COMMUNITIES
EMPOWERMENT ZONE
EMPOWERMENT ZONE DEVELOPABLE SITES
TEXAS STATE ENTERPRISE ZONES
RENEWAL COMMUNITY DESIGNATION

TAX ABATEMENT

One of the main objectives of the City of El Paso's Tax Abatement Policy is to provide the stimulus necessary for new capital investment in strategic redevelopment areas of El Paso. These Strategic Redevelopment Zones, the Empowerment Zone and Empowerment Zone Developable Sites have been cited as priorities for industrial, commercial, retail and residential redevelopment. In order to attract new projects that will contribute to the modernization of existing facilities and the development of new facilities, encouraging investment in real property and personal property in these zones is critical.

For more information on El Paso's Business Commitment, please contact the City of El Paso (915) 541-4761, the Greater El Paso Chamber of Commerce (915) 534-0594 or email rlinan@elpaso.org.

FINANCING AND BUSINESS INCENTIVES

TAX INCENTIVES

TEXAS ENTERPRISE ZONE PROGRAM

Designed to provide Texas counties and municipalities with additional economic development tools, an Enterprise Zone is designated in economically distressed areas of the state. An Enterprise Zone project may be eligible for refunds of state sales and use taxes paid for building materials, machinery and equipment at \$5,000 per employee up to \$250,000 per year. In addition, projects may be eligible for corporate franchise tax reductions based upon either taxable capital or earned surplus. El Paso has three State Enterprise Zones: West Central El Paso, Northeast El Paso and East El Paso.

SALES AND USE TAX EXEMPTIONS

To make Texas manufacturing more competitive, the state provides up to a 100% exemption on sales or use tax on direct manufacturing equipment. Refunds or credits are made only if the machinery brought into the state is less than one year old and purchased for use within the state.

FRANCHISE TAX CREDITS FOR ECONOMIC DEVELOPMENT

The Texas State Legislature recently created three franchise tax credits for economic development. Eligible corporations may take advantage of these credits for three types of expenditures: research and development expenses and payments incurred, qualified capital investments or expenditures made, or certain new jobs created in Texas on or after January 1, 2000.

El Paso County has been designated by the State Comptroller of Public Accounts as a full-purpose Strategic Investment Area (SIA) based on its unemployment rate and per capita income. Companies that operate in El Paso County may qualify for special benefits associated with the franchise tax. The sum of the three credits cannot exceed 100% of a corporation's franchise tax liability, after any other applicable tax credits. Texas Franchise Tax Credit Forms can be obtained through the Texas Comptroller's website at www.window.state.tx.us.

FREEPORT EXEMPTION

Any inventory that remains in El Paso but is exported out of Texas in less than 175 days will not be subject to ad valorem taxation.

SALE OF COMPONENT PARTS TO MANUFACTURERS

The state sales tax is only applicable to end users and does not apply to component parts sold to original equipment manufacturers.

FINANCING

EL PASO - FEDERAL URBAN EMPOWERMENT ZONE

In January 1999, El Paso was the only city in Texas, and one of only two cities west of the Mississippi River, to be designated as a U.S. Housing and Urban Development Empowerment Zone. An Empowerment Zone is a federally funded economic development program that carries special tax incentives and bond provisions to encourage private investment. It also provides priority consideration for other federally funded development programs.

- El Paso is eligible for \$130 million in tax-exempt facility bonds for qualified projects located within the zone. The Empowerment Zone bonds are a new type of tax exempt private activity bond created to encourage businesses that are located in the Empowerment Zone to expand or develop new facilities.
- In addition to these financing programs, the Empowerment Zone Corporation has established a number of projects for business research, workforce development, housing assistance and social services. For information, visit the Empowerment Zone Corporation's website at www.elpasoez.org.

BROWNFIELDS REDEVELOPMENT PROGRAM

This land redevelopment program is funded by federal grants. The primary goal of the City of El Paso's Brownfields Redevelopment Program is to return brownfields in high-priority areas of

the city to productive use through identification and assessment of potential brownfields and the appropriate cleanup and redevelopment of these sites.

The program consists of two pilot projects: Brownfields Assessment and Brownfields Cleanup. Through these two pilots, the city, with the involvement of community groups and individuals, will identify, assess, inventory and plan the redevelopment of Brownfields sites. Financial assistance is available for Phase I and Phase II environmental site assessments as well as cleanup and revitalization efforts.

ENTERPRISE COMMUNITY REVOLVING LOAN FUND

A \$175,000 revolving loan program is administered by Accion Texas at El Paso. This program provides loans from \$500 to \$25,000 at a 6% interest rate to small businesses located in the federally designated Enterprise Community areas.

CITY/COUNTY REVOLVING LOAN FUND

In June of 2000, the City of El Paso, the County of El Paso and Chase Bank of Texas reestablished an Economic Development Administration (EDA) Revolving Loan Fund (RLF) totaling \$773,000, which leverages \$5.1 million in Small Business Administration (SBA) loans. Through a lower percentage of equity and a blended interest rate, the City/County RLF is intended to assist El Paso small businesses in securing SBA loans.

INDUSTRIAL DEVELOPMENT BONDS

Industrial Development Bonds provide below market, fixed rate financing and can be advantageous to users who require between \$3,000,000 and \$10,000,000 in financing. Capital expenditures may not exceed \$10,000,000.

SMALL BUSINESS ADMINISTRATION (SBA) 504 LOAN PROGRAM

The SBA 504 Loan Program, administered through the Rio Grande Council of Governments, provides long-term, below prime rate financing for fixed asset projects, between \$500,000 and \$1,875,000. In order to qualify, a business' net worth must not exceed \$2 million during the two years prior to application.

SBA/CAIP LOAN PROGRAM

El Paso is the only urban city designated as eligible for special financial incentives from the North American Development Bank when applying for SBA Loans. Under this program, NADBank pays on behalf of the borrower the SBA guaranty fee for SBA 7(a) loans meeting a job creation/retention criteria and located in El Paso County. Savings can be as high as \$25,000 for SBA's maximum loan amount. Since SBA does not allow for any other fees to be imposed by an SBA lender, this program makes SBA loans practically "fee free." No other urban community in the nation has this competitive advantage.



INTERNATIONAL TRADE

FOREIGN TRADE ZONE No. 68

A foreign-trade zone (FTZ) is a site within the United States, in or near a U.S. Customs port of entry, where foreign and domestic merchandise is generally considered to be in international commerce. Foreign or domestic merchandise may enter this enclave without a formal customs entry or the payment of custom duties or government excise taxes.

The City of El Paso is the Grantee and Operator of Foreign-Trade Zone (FTZ) No. 68. The mission of FTZ No. 68 is to promote, market and manage the FTZ as a tool for attracting jobs, industry and investment to the El Paso, Texas trade area. FTZ No. 68 is a major component of the city's economic development efforts to enhance international trade, while air transportation services are integrated into a one-stop international trade "hub" at El Paso International Airport.

BENEFITS OF FOREIGN-TRADE ZONES

In an FTZ, merchandise is still considered to be in international commerce, whereby it can be:

- Stored, distributed or exhibited
- Inspected and repackaged
- Assembled, manufactured and processed

Thereby allowing FTZ users to:

- Eliminate duties or quota charges on exports
- Defer customs duties and federal excise tax on imports
- Reduce duties by electing a zone status that users apply to the lower duty rate for foreign inputs or finished goods
- Discontinue duty drawback, which is complex and expensive to administer
- Improve cash flow and profitability through special customs procedures
- Avoid paying state and local ad valorem taxes

SERVICES OFFERED BY FTZ No. 68

FTZ No. 68 is a General-Purpose Zone that contains 3,003 designated acres at 21 non-contiguous industrial sites throughout the El Paso port of entry. Because of its strategic location, FTZ No. 68 is a tremendous benefit to maquiladora (twin-plant) operations in Ciudad Juárez, Mexico, just across the international border with El Paso. FTZ No. 68 administrative staff coordinates activation of a company's facility and provides on-going support. It is the largest in volume General-Purpose Zone along the U.S.-Mexico border for over 10 years, and one of the top five in volume General-Purpose Zones in the nation for the last five years.

For more information, please call the City of El Paso at (915) 533-4284 or visit

www.ci.el-paso.tx.us/ft268.htm

WORKFORCE DEVELOPMENT PROGRAMS

THE CENTER FOR WORKFORCE PREPAREDNESS

Recognizing the need to increase El Paso's workforce development infrastructure, a coalition of El Paso workforce development agencies is partnering with the Greater El Paso Chamber Foundation to create an innovative, employer-driven concept for training workers with the skills required by today's job market. The Center for Workforce Preparedness houses a variety of agencies and projects including:

- Texas Workforce Commission
- Upper Rio Grande Workforce Development
- One Stop Capital Shop

The Workforce Center provides a range of training opportunities, from technical skills to entrepreneurial support, and addresses the local need for adult vocational bilingual education.

WORK OPPORTUNITIES TAX CREDIT

The Work Opportunities Tax Credit is designed to reduce federal tax liability for private, for-profit employers who hire youth, ages 18 to 24, residing in a federally designated Empowerment Zone.

SKILLS DEVELOPMENT FUND

The Skills Development Fund is an innovative program designed to help Texas community and technical colleges finance customized job training for local businesses. Established by the state legislature in 1995 and administered by the Texas Workforce Commission, the fund offers grants to assist companies in forming partnerships with local community colleges and technical schools for job training. A company can qualify for up to \$1,000 per trainee.

ADVANCED TECHNOLOGY CENTER, EL PASO COMMUNITY COLLEGE

El Paso Community College is also actively involved in workforce and skills development. The Advanced Technology Center, designed to provide quick response education and training to meet the needs of local industry, offers customized training in a variety of technical fields. Other skills development programs at the College include the Workforce Development Center, the Career Training Center and numerous programs offered at the four campuses.

For more information on these and other business incentives, please contact the Department of Economic Development at the City of El Paso at (915) 533-4284 or the Greater El Paso Chamber of Commerce at (915) 534-0523.



Mariachi Musicians

JUAREZ

JUAREZ MAQUILADORA PROGRAM

Ciudad Juárez is the prime maquiladora location in Mexico, providing about one-fifth of the nation's overall maquila employment. Over 70 of the maquiladora plants in Cd. Juárez are owned by Fortune 500 corporations. Among these facilities are telecommunications, electronic assembly plants, clean room manufacturing for medical supplies, consumer appliances and automotive industry manufacturing. A growing percentage of employment generated by maquiladoras has been in technical and administrative positions rather than direct labor.

El Paso derives significant economic benefit from the maquiladora industry in Cd. Juárez, including a payroll of \$247.8 million for maquila employees who live on the U.S. side of the border. In addition, the production-sharing sector of the border economy has attracted companion industries to the area, with the maquiladora industry purchasing \$1.6 billion worth of services in El Paso. The industry has generated jobs in El Paso in indirect support industries, including retail sales, manufacturing support services, professional support services, transportation, banking and home building.

THE IN-BOND (MAQUILADORA) PROGRAM

- Established in 1965 by the Mexican government to help alleviate unemployment along the U.S.-Mexico border.
- Allows a foreign (non-Mexican) individual or firm to establish wholly owned operations in Mexico for the purpose of manufacturing products for exportation.
- Allows for temporary, duty-free (in-bond) importation of the capital equipment and machinery as well as the materials for production.
- Allows foreign ownership of real estate in border areas and seashores.
- Temporary immigration (work) permits can be readily obtained for foreigners to allow management, technical and support personnel to work in the maquila operation.
- Items assembled and manufactured in maquiladoras are to be exported from Mexico; however, permission to sell in Mexico can be obtained.
- Maquiladoras must be incorporated under Mexican law.
- More than 380 maquiladora plants in Juárez employ over 205,000 workers.

- The state of Chihuahua has 448 maquiladora operations employing 266,716 people.
- The maquiladora industry in Mexico employs more than 1,160,000 people in 3,288 plants.

NAFTA'S IMPACT ON THE MAQUILADORA PROGRAM

The steady increase in trade between the United States and Mexico, largely due to increased NAFTA-related activity, has caused El Paso-Juárez to be ranked 16th in trade among the largest Metropolitan Statistical Areas in the United States. Twenty-five percent of all trade between the U.S. and Mexico crosses at the El Paso-Juárez border. Population increases in the area are double the national average for El Paso/Juárez combined.

Effective November 1, 2000, the maquiladora industry began paying import duties in Mexico on both primary material and machinery and equipment. This will apply to primary materials originating from non-NAFTA countries and exported to a NAFTA country. For machinery and equipment, the duty payment will apply to all imports, depending on country of origin.

MAQUILADORA INDUSTRY IN MEXICO

YEAR	# OF EMPLOYEES	NET VALUE ADDED (billions of dollars)	AVERAGE HOURLY WAGE W/ BENEFITS IN DOLLARS (direct labor only)
1995	686,985	4.96	1.16
1996	801,257	6.45	1.21
1997	938,448	8.28	1.45
1998	1,036,743	10.93	1.94
1999	1,248,030	13.30	2.17
2000	1,316,244	17.60	2.26
2001	1,126,480	16.49	2.21

Source: Municipiade Juárez Administración Municipal

JUAREZ MAQUILADORA PROGRAM

ADVANTAGES OF THE MAQUILADORA PROGRAM

- Low labor costs
- Trainable work force
- Proximity to U.S. market and distribution centers
- Cooperative, predominantly nonunion work force
- Experienced legal and customs services in El Paso, Juárez and Chihuahua City
- Fine quality of life for U.S. managers living in El Paso
- Sophisticated transportation infrastructure
- Experienced Mexican technicians and supervisors
- Educational institutions providing qualified graduates for industry and commerce in El Paso, Juárez and Chihuahua City
- World-class production facilities
- Emerging industrial support service base in El Paso, New Mexico and Juárez

OPERATIONAL ALTERNATIVES AVAILABLE UNDER THE MAQUILADORA PROGRAM

“Shelter,” “sub-contract” and “turnkey” operations represent viable alternatives to full-fledged maquila manufacturing. A sub-contract maquiladora operation involves the least commitment or activity on the part of the investor. A Shelter is a company that charges a fee for providing all basic operation in Mexico. The Shelter assumes the vast majority of the risk associated with establishing operations in Mexico, allowing the foreign manufacturer to focus on quality control and meeting production schedules.

FULLY OPERATIONAL MAQUILA

- Ships to and from Mexico-U.S. border.
- Completes customs paperwork (maquila is importer of record in many cases).
- Manages entire Mexican operation and supervises quality control of the product (with technical assistance from U.S. corp.).
- The U.S. company retains title to machinery, equipment, raw materials or component and ships these items on consignment to the U.S.-Mexico border.
- The U.S. company gives technical assistance to maquila on quality control.
- The U.S. company pays a piece-part price or hourly rate to maquila.
- There is no corporate “link” between U.S. companies and maquila other than a contract.

CD. JUAREZ SITE ADVANTAGES

	JUAREZ	TIJUANA	NOGALES
Population 2000	1,500,000	1,200,000	133,359
Number of Maquilas 1999	440	799	109
Number of Maquila Employees 1999	215,000	175,095	42,370
Railroads	2	1	1
Rail Infrastructure	2,091 miles	1,523 miles	1,396 miles
Distance to Mexico City	1,142 miles	1,523 miles	1,396 miles
Distance from Airport to Nearest U.S. Airport	10 miles	40 miles	22 miles
Higher Education	15 institutes	5 institutes	7 institutes

Sources: Desarrollo Economico, SIR-Sistema de Información Regional, & Chihuahua Now!

Notes: Exchange rate is calculated at 10.0 pesos to the dollar.

New minimum wage as of January 1, 2001 is N\$42.15 pesos daily. $42.15/10.0 = \$4.22$ US dollars

The population referenced is not the official number, but the estimated population.

JUAREZ MAQUILADORA PROGRAM

CONTRACT/SHELTER/TURNKEY CONCEPT

Contract

- A U.S. company sends the raw materials, maquilas ship them back as a finished product, fully imported into the U.S.
- The U.S. company has wide flexibility for production changes.
- The contract company is responsible for:
 - Providing space, labor force and production management
 - Producing according to U.S. customer quality specifications and production schedule
 - Manufacturing/assembling of product
 - Handling the logistics of transportation, delivery and customs
 - Invoicing by the hour, or price by unit basis
- The U.S. company is responsible for:
 - Providing and sending raw material and equipment.

Shelter

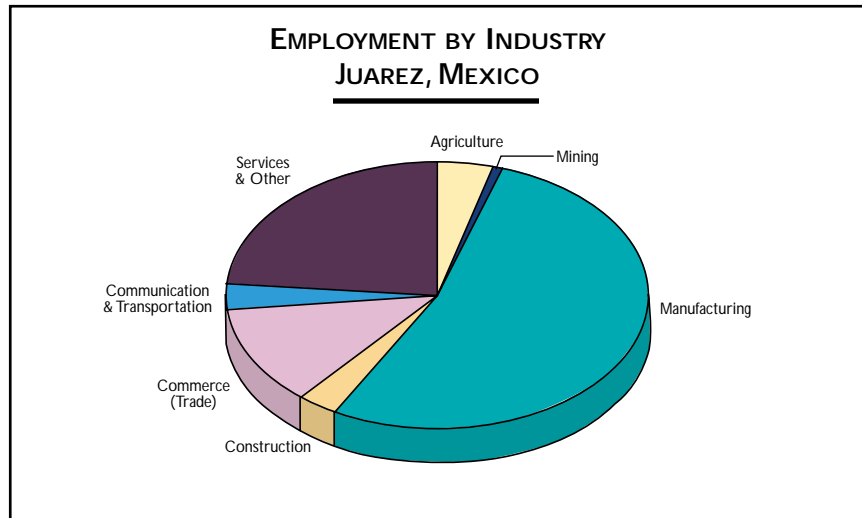
- Provides U.S. company with a legal “umbrella” or shelter while U.S. company manufactures products in Mexico.
- The U.S. company has wide flexibility for production changes.
- The U.S. company does not have any legal presence in Mexico.
- The Shelter company is responsible for:
 - Personnel management
 - Transportation into Mexico from the border
 - Legal and Customs paperwork
 - Compliance with Mexican taxes
 - Locating or building the facilities the U.S. corporation needs
 - Providing space and labor force
 - Invoicing by the hour, piece unit or product
- The U.S. company is responsible for:
 - Production scheduling
 - Furnishing raw materials and equipment
 - Quality control
 - Supplying the maquila with the managers and supervisors to control the process

Turnkey

- Production changes are agreed on between the U.S. company and the maquila.
- The Turnkey company is responsible for:
 - Making the complete assembly of the product according to customer specifications
 - Purchasing all raw material and equipment in order to manufacture the product
 - Total quality, production and delivery
- The U.S. company is responsible for:
 - Supplying the maquila with managers and supervisors to control the process

JUAREZ LABOR FORCE

- Mexican labor has proven to be easily trainable and capable of performing highly skilled and technical work.
- Technical institutes throughout the state of Chihuahua are graduating business, administration and engineering students.
- High schools and vocational institutions in both El Paso and Juárez are providing students with the necessary skills and education for today's maquiladora industry.



Source: Direccion General de Promocion Financiera y Economica 2001

MEXICAN MINIMUM WAGE CALCULATION

	PESOS	DOLLARS
Minimum Wage/daily	N\$ 42.15	4.22
Salary Composition		
Base annual salary (minimum wage 365 days)	N\$ 15,384.75	\$1,538.48
Christmas bonus (15 days minimum wage)	N\$ 632.25	63.23
Vacation bonus (25% of 7 days x minimum wage)	N\$ 73.76	7.38
Profit sharing (12 days per year)	N\$ 505.80	50.58
TOTAL SALARY	N\$ 16,596.56	\$1,659.66
Taxes and Required Fringe Benefits		
Paid by Employer		
Housing (5%)	N\$ 769.24	\$ 76.92
State and University Tax (2.08%)	N\$ 320.00	32.00
Social Security	N\$ 3,846.19	384.62
Retirement fund (SAR) (2%)	N\$ 307.70	30.77
TOTAL TAXES	N\$ 5,243.13	\$ 524.31
Additional Fringe Benefits - Optional		
Savings fund (10%)	N\$ 1,538.47	\$ 153.85
Cafeteria	N\$ 3,846.19	384.62
Transportation	N\$ 1,538.47	153.85
Uniforms	N\$ 192.31	19.23
Attendance bonus	N\$ 923.08	92.31
Food bonus	N\$ 3,846.19	384.62
TOTAL BENEFITS	N\$ 11,884.71	\$1,188.47
Total Cost of Minimum Wage Employees with benefits per year	N\$ 33,724.40	\$ 3,372.52
Cost per hour	N\$ 14.10	\$ 1.41

Note: Exchange rate is calculated at 10.0 pesos to the dollar.

JUAREZ LABOR FORCE

The minimum wage figure is complete as far as the Mexican government is concerned; however, most employers pay between 60 percent and 90 percent above this wage in a number of ways: productivity bonuses, savings plans, etc. Most maquilas work 45 hours per week, from Monday - Friday (9 hours per day).

The minimum daily wage applies to U.S.-Mexico border cities in geographic Zone A, which includes Baja California Norte, Baja California Sur, Juárez, Chihuahua, Distrito Federal, Acapulco, Guerrero, Nogales, Sonora, Nuevo Laredo, Tamaulipas, Matamoros, Mazatlan, Sinaloa, Coahuila and Veracruz.

JUAREZ MONTHLY WAGE SURVEY

OCCUPATION	PESOS	U.S. DOLLARS
Bilingual Secretary	N\$ 9,604.52	\$ 960.45
Quality Engineer	N\$ 17,953.64	1,795.37
Computer Operator	N\$ 8,883.80	888.38
Personnel Supervisor	N\$ 16,657.28	1,665.73
Product Design Engineer	N\$ 16,175.24	1,617.53
Multiskill Operator	N\$ 4,399.19	439.92
Industrial Mechanic	N\$ 8,407.61	840.76
Tool and Die Maker	N\$ 6,928.73	692.87
Electronics Technician	N\$ 6,062.93	606.29
Industrial Electrician	N\$ 5,826.59	582.66
Data Entry Clerk	N\$ 5,338.70	533.87

Source: Chihuahua Now 2000

Note: All information is given in US dollars.

Exchange rate is calculated at 10.0 pesos to the dollar.

New minimum wage as of January 1, 2000 is N\$37.95 pesos daily. $37.95/10.0 = \$3.80$ US dollars

LABOR LAWS

Mexican labor laws are extremely detailed. A qualified Mexican attorney can outline these laws specifically. Following is a brief description of some of the laws:

- Mexican labor laws do not require forming a union. Either individual or collective contracts may be made with the workers. Certain standard stipulations are required in individual contracts. Collective contracts are much the same as they are in the United States; they are bargained between labor and management and follow provisions set out by the labor laws.
- Mexican federal government establishes the daily minimum wage (as well as certain employer-paid fringe benefits) and adjusts it annually.
- The day shift is 48 hours per week, and the second shift is 45 hours per week. Overtime pay is at a rate of two times the regular rate, and a worker cannot be required to work overtime for more than nine hours per week. Workers will receive the seventh day off with pay at the same rate as a working day. Work performed on Sunday, or holidays, is at least 25 percent above usual salary.
- Seven working days' paid vacation are allowed for the first year of service, and two days are added every additional year for the next three years allowing a total of 12 days' paid vacation. Two additional days with pay are added every five years.
- There are seven legal holidays per year.
- After one year of employment, an annual Christmas bonus must be paid on or before December 20. Employees with less than one year of service will be paid a bonus proportional to time worked.
- Social Security in Mexico covers medical care, hospitalization, surgery, as well as old age and unemployment compensation. The rates depend on the labor or work classification.
- Mexico has a profit-sharing program whereby all employees participate in the profits of companies that have been in operation for more than one year. Profit sharing depends on the proportionate amount of capital investment and the size of payroll.

JUAREZ INDUSTRIAL FACILITIES

- Acquisition of real estate by foreigners is allowed outside of the restricted area (a strip of approximately 60 miles wide along the borders and approximately 30 miles wide along the Mexican seashore).
- In the restricted area, foreign-owned Mexican corporations may acquire real estate property so long as it is not residential property. In this case, registration of the acquisition with the Ministry of Foreign Relations is required.
- In the case of residential property of foreign citizens or corporations, a trust will be required in the restricted area. A Mexican bank will act as the trustee. Authorization from the Ministry of Foreign Relations must be obtained beforehand, the trust will be good for 50 years and may be renewed.
- Authorization of trusts must be granted or denied within 30 days. The registration shall be granted or denied within 15 days.
- Existing foreign-owned Mexican corporations that have real estate trusts in the restricted area may enjoy the benefits of the law to the extent that the trust may be for 50 years and that the trusts may be changed to fee simple absolute status.

CONSTRUCTION COSTS

Sample construction costs for a 60,000 square-foot facility are \$25.50 - 29.00 per square foot. This typically includes:

- 8" block walls
- Build-up roof - standing seam roof I-60 rate
- 4 - 6" concrete slab / 4,000 psi
- Evaporative cooling in production, and refrigerated cooling in offices, bathrooms, kitchen and cafeteria areas
- Paved parking
- Interior lighting - 70 fc
- Loading dock doors - 1 dock for every 20,000 sq. ft.
- Space heaters (natural gas-fed)
- Electrical power to main panel in plant (internal distribution done by occupant)
- Landscaping (varies among builders)

Land located in Juárez industrial parks costs between \$3.00 and \$4.00 per square foot.

LEASE FACILITIES

Lease facilities are readily available or can be built to suit; the cost ranges from \$5.00 to \$5.75 per square foot per year for new construction, and \$4.50 - \$5.00 per square foot per year for existing buildings, triple net (taxes, maintenance, and insurance).

	SALE PRICE \$/SQ. FT.	LEASE PRICE \$/SQ. FT.	CONSTRUCTION \$/SQ. FT.
Less than 5,000 sq. ft.	\$36.00	\$5.00-6.00	\$32.00
20,000-39,999 sq. ft.	35.00	4.50-6.00	27.00
60,000-99,999	23.50	4.00-6.00	25.00
High Tech/R&D	22.00	7.00	30.00-40.00

JUAREZ UTILITIES

ELECTRICITY

The electricity costs presented here apply to users with an initial demand of at least 20 kilowatts.

COST / KWH MAXIMUM DEMAND

The monthly charge per kilowatt (KW) of maximum demand is \$2.38 in U.S. currency.

COST / KWH OF ENERGY CONSUMED

There is an additional monthly charge for the energy consumed of \$0.040 in U.S. currency per KWH.

Source: Intermedia

CONTRACTED DEMAND

Although contracted demand will be determined by the particular user, its value should not be less than 60% of the total connected load, not less than 20 kilowatts, and not less than the capacity of the motor installed with the greatest load.

In the case that 60% of the total connected load exceeds the capacity of the user's substation, contracted demand will be equivalent to 85% of the user's substation capacity. (Fractions of kilowatts will be taken as whole KW.)

DEPOSIT

The deposit is required: \$7.175 in U.S. currency / KW contracted.

Note: Exchange rate is calculated at 10.0 pesos to the dollar.

NATURAL GAS

Gas meter and service line including installation: \$4,900.00 (approximately)

Cost per cubic meter of natural gas: \$0.07 / Cubic Meter

1Cubic Meter = 35.31 Cubic Feet

Natural gas provides a heating index of 8,460 kcal/m³ at a temperature of 68° and a pressure of 14.7 psi.

Note: Since this cost may increase periodically, the gas company should be consulted to obtain specific information on such increases.

DEPOSIT

A deposit of \$35.41 in U.S. currency is required at the time contract is signed.

A 10% federal tax must be added to all cost figures given above. All gas service contracts for industrial users must be approved by the Secretariat of Commerce and Industrial Development (SECOFI).

Source: Desarrollo Economico

Note: Exchange rate is calculated at 10.0 pesos to the dollar.

TELEPHONE

Standard Telephone Line

- Initial cost: \$629.49
- Monthly charge: \$ 17.97
- Cost per call: \$ 0.12

USA/MEXICO CROSS

BORDER TELECOMMUNICATIONS

A typical 56k/64k data circuit from the El Paso airport industrial district to a major maquila industrial park in Juárez will cost approximately \$900-\$1,000 per month, with one-time charges of approximately \$3,000-\$4,000. For a T-1/E-1 data circuit, the cost will be approximately \$3,000-\$5,000 per month with one-time installation charges of approximately \$10,000-\$15,000 or more, depending on whether existing network facilities are readily available to the Mexican customer premise.

WATER AND SEWAGE

Connecting cost of water per square meter of land up to 250 square meters: \$19.55

Connecting cost of sewage per square meter of land: \$19.55

Plus additional charges for every 50 square meters over 250: \$ 9.64

*Note: One Square Meter is equal to 10.76 Square Feet. 1Cubic Meter = 35.31 Cubic Feet
U.S. currency calculated at 10.0 exchange rate.*

CONSUMPTION RATE / M ³	COST PER M ³
100 - 150	\$0.45
151 - 200	\$0.52
201 - 400	\$0.55
401 - 600	\$0.61

FIFAPA TAX

There is an additional charge of \$0.0017 per cubic meter, as a tax for water infrastructure maintenance and replacement.

FREQUENTLY ASKED QUESTIONS

Realistic installation time intervals are 60 to 120 days from ordering the cross-border circuit and the Mexican local loop.

FREQUENTLY ASKED QUESTIONS

WHAT IS A MAQUILADORA?

A maquiladora is a Mexican assembly or manufacturing operation that can be subject to up to 100% non-Mexican ownership. Maquiladoras utilize competitively priced Mexican labor in assembly processing and other manufacturing operations. They bring in most capital equipment and machinery from abroad. Maquiladora operations are generally labor-intensive cost centers, with most production geared for export from Mexico. Maquiladoras may be entirely foreign managed, unlike multi-nationals operating in Mexico.

Where can a maquiladora locate?

Although most locate along the U.S./Mexican border, it is possible to locate anywhere in Mexico, except for Mexico City.

WHAT PRODUCTS CAN MAQUILADORAS MANUFACTURE?

Maquiladoras can manufacture a broad array of products under Mexican law. There are exceptions to this allowance that include such industries as petroleum, petrochemicals, other chemicals, arms and items containing radioactive elements.

DO PRODUCTS HAVE TO BE FULLY ASSEMBLED OR PROCESSED IN MEXICO?

No. In fact, most items are further processed in the country to which they are ultimately re-exported.

ARE MAQUILADORAS REQUIRED TO INCORPORATE MEXICAN COMPONENTS?

No. Maquiladoras are not required to use any Mexican components in assembly processing or manufacturing.

WHAT ARE THE MEXICAN TARIFF/DUTY POLICIES RELATING TO THIS PROGRAM?

As long as the imported components brought into Mexico are destined for export, no Mexican import duty is levied on the temporarily imported maquiladora components. In lieu of duties, maquiladora operators must post a bond with the Mexican Customs Service to guarantee that components and raw materials are re-exported from Mexico within a 6-month period. A bond on capital equipment and machinery ensures that they will be fully returned to the maquiladora operator's country of origin once it ceases operations in Mexico.

WHAT ARE THE U.S. TARIFF/DUTY POLICIES RELATING TO THIS PROGRAM?

U.S. Customs has three regulations that complement the maquiladora program.

- 1) Allows the import into the U.S. of metal products processed abroad with duties assessed on the value added to those goods (for example, the total value of Mexican inputs, including labor, electricity, component parts, etc.) rather than levying an import duty on the total value of the product. The products must have been processed in the U.S. before being sent abroad and then must be further processed in the U.S. upon their return.

- 2) Customs provision allows an article assembled in Mexico from U.S.-made components to be exempt from duty on the value of such components. These goods may or may not involve metal components. U.S. customs law allows for machinery of U.S. origin to be returned to the U.S. duty free.
- 3) If the goods assembled or manufactured in Mexico contain at least 35 percent Mexican content upon import into the U.S., they may be eligible for treatment under the U.S. Generalized System Preferences (GSP). GSP eligible items may enter the U.S. market with no duty levied.

WHAT OTHER OPTIONS EXIST BESIDES STARTING MY OWN STAND-ALONE MAQUILADORA?

"Shelter," "sub-contract" and "turnkey" operations represent viable alternatives to full-fledged maquiladora operations. A sub-contract maquiladora operation involves the least commitment and/or activity on the part of the non-Mexican investor.

WHAT ABOUT FOREIGN EMPLOYEE AND MANAGEMENT ENTRY INTO MEXICO?

The maquiladora may bring in as many foreign employees as necessary with the exception of hourly laborers. All hourly employees are required to be Mexican. Foreign employees must obtain work visas.



QUALITY OF LIFE

Little Folklorico Dancer

QUALITY OF LIFE

QUALITY OF LIFE

THE CULTURE

The best of two nations, three states and a multitude of ethnic groups come together between the banks of the river valley and the rugged mountains of the borderlands. El Paso is at the forefront of communities transcending borders – a global culture in the making. This eclectic mix of ideas and traditions weave a cultural tapestry that has provided a backdrop for resident artists from Tom Lea to Cormac McCarthy.

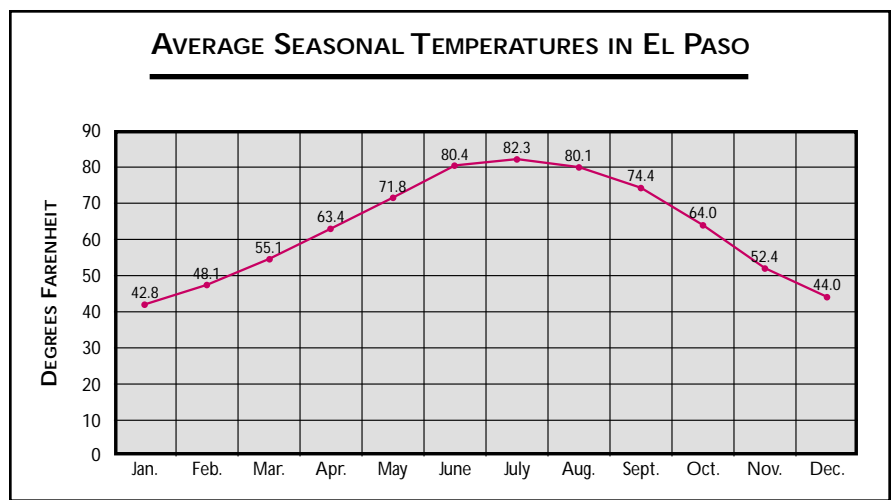
THE ENVIRONMENT

Water conservation, clean air and waste reclamation are issues that have an impact on every growing U.S. city. In El Paso, new and innovative solutions to protect the environment are being developed. Groups like the Joint Advisory Committee and the Paso del Norte Air Quality Task Force are working to devise and adopt standards in both the U.S. and Mexico to assure air quality in the future. The International Water and Boundary Commission is forming partnerships with the University of Texas at El Paso (UTEP) and the Center for Environmental Resource Management to guarantee a clean, safe water supply into the 21st century and beyond. In addition, the Rio Grande Council of Governments, in cooperation with the Environmental Protection Agency, has begun a Brownfields Reclamation Project to encourage re-development in contaminated

commercial and industrial sites. By removing liability barriers, developing partnerships with stake holders, exploring financing options for redevelopment, and promoting workforce development and job training initiatives, they hope to promote reclamation of previously used commercial and industrial sites.

THE CLIMATE

The sun shines 302 days per year in El Paso, 83% of daylight hours, according to the El Paso Weather Bureau. Low humidity and moderate rainfall combine to create a mild, year-round climate exclusive to the region.



Source: U.S. National Weather Services, El Paso Weather Bureau.

AVERAGE SEASONAL TEMPERATURES IN EL PASO (TEMPERATURES ARE IN DEGREES FAHRENHEIT)				
MONTH	AVG. TEMPERATURE	AVG. LOW	AVG. HIGH	AVG. MONTHLY PRECIPITATION
January	42.8	29.4	56.1	0.44 in.
February	48.1	33.9	62.2	0.41 in.
March	55.1	40.2	69.9	0.33 in.
April	63.4	48.0	78.7	0.25 in.
May	71.8	56.5	87.1	0.37 in.
June	80.4	64.3	96.5	0.65 in.
July	82.3	68.4	96.1	1.60 in.
August	80.1	66.6	93.5	1.50 in.
September	74.4	61.6	87.1	1.30 in.
October	64.0	49.6	78.4	0.69 in.
November	52.4	38.4	66.4	0.40 in.
December	44.0	30.6	57.7	0.50 in.

Source: U.S. National Weather Services, El Paso Weather Bureau.

RETIREMENT LIVING

El Paso is well known as an outstanding location for retirement living given its mild climate, an attractive cost of living, and a variety of recreational, cultural and social activities available. El Paso is also one of the most popular military retirement communities in the country. There are currently 80,234 military retirees and their family members living in the city, in addition to nine private retirement communities that offer various living services for retirees.

RETIREMENT COMMUNITIES IN EL PASO

FACILITY	NUMBER OF UNITS
Cambria, <i>Eastside</i>	77
The Montevista, <i>Westside</i>	123
The Palisades, <i>West Central</i>	156
Regency Retirement Center, <i>Westside</i>	60
Rio Norte Retirement Residence, <i>Eastside</i>	119
Royal Estates, <i>Westside</i>	142
Village Oaks, <i>East Central</i>	94
White Acres Good Samaritan Retirement Village, <i>Westside</i>	185

Source: Department of Economic Development, City of El Paso.

CRIME RATE

El Paso's crime rate has dropped to the lowest it has been in more than 20 years. Overall crime rates were down by 16% in 2001. More than 500 community action groups in El Paso employ a neighborhood approach to preventing crime. In recognition of these efforts, the City of El Paso Police Department was selected as a national finalist for the Webber-Seavey Award, spotlighting the Community Action team program. The city's reduction in crime has also been attributed to the task forces that target gang activity, domestic violence, crimes against children, auto theft and drug trafficking organizations. In the year 2000, the National Crime Prevention Council in Washington, D.C. named El Paso one of the "Six Safer City in the United States." El Paso was also selected as the third safest city with a population exceeding 500,000 by the Morgan Quitno Research Company.

TOURIST ATTRACTIONS AND POINTS OF LOCAL INTEREST

The New Old West

AMIGO AIRSHO

Held at Biggs Army Airfield in October, this air show is recognized as one of the nation's best. Military and civilian aircraft, static displays, live entertainment and performances by world renowned flying teams make the Amigo Airsho a highly anticipated event each year. For more information, contact 915-545-2864 or visit www.amigoairsho.org.

CHAMIZAL NATIONAL MEMORIAL

The memorial was established in recognition of the amicable resolution of a dispute between the United States and Mexico over this section of the borderland in 1963. Included are a 55-acre park, a museum, the Los Paisanos Gallery, an outdoor amphitheater and a 500-seat theater. Several festivals are held each year which reflect the theme of the memorial at 800 S. San Marcial St. For more information, call 915-532-7273 or visit www.nps.gov/cham.

EL PASO HOLOCAUST MUSEUM AND STUDY CENTER

This museum chronicles the events of the Nazi Holocaust in Europe. In an effort to combat prejudice and bigotry through education, the museum houses artifacts, documents, videotapes and items retrieved from the ghettos, killing fields, and concentration camps in Europe. The museum schedules speakers each year. Past speakers include Mikhail Gorbachev, Colin Powell and Bill Clinton. For more information, call 915-833-5656 or visit www.huntel.com/~ht2/holocst.html.

EL PASO MUSEUM OF ART

In its new downtown location adjacent to the Arts Festival Plaza, the museum is home of the famous Kress Collection. In addition, the museum includes the Tom Lea Gallery, the DeWetter Gallery and the Contemporary Gallery, featuring changing exhibits throughout the year. An amphitheater, library and classrooms are also housed in the facility. For more information, call 915-532-1707 or visit www.elpasoartmuseum.org.

EL PASO ZOO

Located at 4001 East Paisano, the El Paso Zoo is an 18-acre complex that is home to more than 600 animals of 175 species in a variety of natural habitat exhibits including a Reptile House, American Biome, Americas Aviary, Paraje, Birds of Prey, Forest Atrium, Asian Grasslands, Asian Endangered Walk and an Elephant Complex. The zoo is a member of the Species Survival Plan, an international cooperative captive management program for endangered species, and is an accredited member of the American Zoo and Aquarium Association. For more information, call 915-544-1928 or visit www.elpasozoo.org.

EL PASO OPERA

El Paso Opera attracts sell-out audiences while only in its ninth season. An international cast of professional principle singers, directors and conductors are combined with musicians from the El Paso Symphony Orchestra and the El Paso Chorale to bring exciting grand opera to the border. For more information, call 915-581-5534 or visit www.epopera.org.

EL PASO SYMPHONY ORCHESTRA

The El Paso Symphony Orchestra is a popular attraction every year. The talented members of the orchestra, the fabulous guest artists and superb musical direction make the concert season, September through April, a must-see. For more information, call 915-532-3776 or visit www.epso.org.

FRANKLIN MOUNTAINS STATE PARK

The Franklin Mountains State Park lies on Transmountain Road, a route that cuts through the mountain range and connects northeast El Paso with the northwest part of the city. There are many places to stop and enjoy the desert vista, and trails make it ideal for hiking and picnicking. Visit www.tpwd.state.tx.us/park/franklin/franklin.htm for more information.

INDIAN CLIFFS RANCH

At this landmark situated on El Paso's eastern frontier, you can see Texas longhorns, buffalo, deer, Belgian team horses and many other animals. The ranch also features an Indian maze, movie sets, the Fort Apache Playground, free hay rides every Sunday and the world famous Cattleman's Steakhouse. Admission is free for restaurant guests. Located 35 minutes from downtown, I-10 East Exit 49. Call 915-544-3200.

INSIGHTS MUSEUM

Located in Downtown El Paso, the Insights Museum is a world of hands-on learning experiences where more than 80 science and technology exhibits offer fun and facts for all ages. For more information, call 915-534-0000 or visit www.insightsmuseum.org.

CIUDAD JUAREZ, MEXICO

Located just across the border, the Old City Market in downtown Juárez, the nearby Nuestra Señora de Guadalupe Mission and the Cuauhtemoc Market attract tourists from El Paso each year. The history of the city is illustrated in the old churches and missions, and the Museo Arqueológico provides other links to past. Restaurants and shops abound in the city to match any taste. For more information, visit www.mexguide.net/juarez.

LOS MURALES

El Paso's Museum without walls touches the lives of hundreds of thousands of people each day by celebrating the history and heritage of our community. The Los Murales Project, a partnership between the Junior League of El Paso and area artists, funds the creation and restoration of murals throughout the city while educating the public and providing support to local muralists. A guide book, *An Art of Conscience*, provides specific mural locations and information. In addition, the University of Texas at El Paso has developed a web site (www.utep.edu/border/mur.html) that provides a virtual tour of the murals.

MAGOFFIN HOME STATE PARK

The Magoffin Home, built in 1875 by pioneer Joseph Magoffin, is El Paso's only historic house museum. The 19-room, adobe home is a prime example of Territorial-style architecture, a style that emerged in the southwest in the mid 1800s. For more information, call 1-800-792-1112 or visit www.tpwd.state.tx.us/park/magoffin/magoffin.htm

THE MISSION TRAIL

Follow in the footsteps of Don Juan de Oñate. Among the oldest roads in the country, the Mission Trail is rooted in history dating back more than 400 years. There are three missions to visit, including the oldest building in Texas. Visit the mission trail at www.missiontrail.elp.rr.com.

WELLS FARGO SUN BOWL

At high noon on New Year's Eve, El Paso proudly hosts the Wells Fargo Sun Bowl. First played in 1935, this post-season classic pits two nationally acclaimed NCAA Division I football teams in a head-to-head classic college football competition. Over the years, many football legends have played or coached in the game, including Tony Dorsett, Merlin Olsen, Burt Reynolds, Johnny Majors and Barry Sanders. For more information, call 1-800-915-BOWL or visit www.sunbowl.org/index1.htm.

PARQUE CHAMIZAL JUAREZ

Located directly across the Rio Grande from El Paso's Chamizal National Monument, this park sits atop the portion of land ceded to Mexico in the boundary settlement of 1963. Gardens, a statuary and several architectural attractions can be found at the park.

SUNLAND PARK CASINO AND RACETRACK

Located in Sunland Park, New Mexico (adjacent to the west side of El Paso), this racetrack offers the thrill of horse racing and paramutual betting in addition to casino gambling. For more information, call 505-589-1131 or visit www.sunland-park.com.

TIGUA INDIAN CULTURAL CENTER

Observe the cultural traditions of the Tigua Indian Tribe at the Ysleta del Sur Pueblo. Witness ancient Tigua chants and dances on the plaza, and relive more than 350 years of pueblo history at the museum. A gift shop and the Cique Restaurant are also located on the premises just three quarters of a mile from the historic Ysleta Mission at 9430 Socorro Road. For more information, call 915-859-5287.

VIVA! EL PASO

Depicting the history of the El Paso region, the colorful musical drama is played at the stunning McKelligon Canyon Amphitheater, where the backdrop of the stage is a dramatic mountain cliff. Performances are Thursday through Saturday in June, July and August. McKelligon Canyon is also home to "Shakespeare on the Rocks" in the fall. For more information, call 915-565-6900 or visit www.viva-ep.org.



EL PASO'S WORLD VIEW ON THE ARTS



Dancer: Lauren Porter
Photographer: Marty Sohl

Presented by the City of El Paso Arts Resources Department, Winter 2001. ALONZO KING'S LINES BALLET has received international recognition for its choreographic innovation, unusual collaborations and brilliant dancers.

Enriched for more than four centuries by contributions from Native Americans, Spanish settlers, Europeans and Asians, El Paso's international flavor is apparent in the variety of cultural events and facilities in the area. Throughout the year, the city is host to some of the finest performing artists from around the globe.

Cutting-edge music, dance and theatre come together in El Paso to create a true multi-cultural arts experience.

ORGANIZATIONS AND EVENTS:

- El Paso Symphony Orchestra
- Music Under the Stars
- World on a String
- El Paso Pro Musica
- El Paso Opera Company
- Alfresco! Fridays –
Downtown Concert Series
- El Paso Museum of Art
- Arts in Education
- Discovery Dance and Music
- Ballet Folklorico

WESTERN PLAYLAND

Located in Ascarate Park in El Paso, Western Playland has rides for kids of all ages. Experience thrilling roller coasters, water slides, trains, rides, go-carts and more in a well-maintained and exceptionally clean park. Open weekends in the spring and fall and Wednesday through Sunday in the summer. For more information, call 915-772-3914 or visit www.westernplayland.com.

WET-N-WILD WATERWORLD

Wet 'N' Wild is a well-established water park with 37 acres of fun, including 22 water attractions for everyone from little children to teenagers and adults. In addition, the park offers an abundance of trees and shaded, grassy areas, plus restaurants and locker rooms. Wet 'N' Wild is a great place to beat the El Paso heat. For more information, call 915-886-2222 or visit www.wetwild.com.

WORLD CHAMPIONSHIP RODEO

During the first full week of November each year, cowboys and cowgirls from as far as Australia, Mexico and Canada join America's finest at the El Paso County Coliseum for this competition.

WYLER AERIAL TRAMWAY

The tramway was originally built in 1959 to carry KTSM employees to the broadcast tower at the top of the Franklin Mountains. Recently re-opened to the public and operated by Texas Parks Department, the tram is a four-minute ride to the 5,632-foot Ranger Peak. Observers can scan hundreds of miles of the far west corners of the Lone Star State as well as Old and New Mexico. For more information, call 915-566-6622 or visit the Texas Parks and Wildlife Department at www.tpwd.state.tx.us.

IN THE VICINITY

AGUIRRE SPRINGS

Located about 45 minutes from El Paso, just over the Organ Mountains near Las Cruces, New Mexico, this park features streams that run year-round and hiking trails that are lined with shade trees. Camping and picnic sites are available.

ALAMOGORDO, NEW MEXICO

Alamogordo is home to the International Space Hall of Fame and Alamogordo Space Center. The city's economy thrives on high-tech testing, stealth jets, military research and missile testing. The city is located about two hours northwest of El Paso, close to the White Sands Missile Range and the White Sands National Monument.

CARLSBAD CAVERNS

This natural limestone cave is located approximately three hours east of El Paso on Highway 80 and also happens to be the eighth Wonder of the World. One of the earth's largest networks of underground caverns, its rooms are exciting to explore on self-guided tours or on the more adventurous and challenging park ranger-guided tours. For more information, call 800-221-1224 or visit www.nps.gov/cave/home.htm.

ELEPHANT BUTTE LAKE STATE PARK

This state park is located two hours northwest of El Paso on I-25. The Elephant Butte Reservoir is 43 miles long and offers boat and jet-ski rentals for relief from the hot summer sun. Camping and RV sites are available near the lake in addition to motel accommodations in nearby Truth or Consequences. For more information, call 505-744-5421 or visit www.emnrd.state.nm.us/nmparks/PAGES/parks/BUTTE/Butte.htm.

GILA NATIONAL FOREST

This attraction is located two-and-a-half hours northeast of El Paso, off I-25. Covering 3.3 million acres, this area is the largest national forest in New Mexico and contains hundreds of miles of streams, some 20 campgrounds, and more than 1,500 hiking trails. For more information, visit www.fs.fed.us/outernet/r3/gila/content.htm.

TOURIST ATTRACTIONS AND POINTS OF LOCAL INTEREST

GUADALUPE MOUNTAINS NATIONAL PARK

Approximately two-and-a-half hours east of El Paso on Highway 80, this national park features the highest mountain peak in Texas. Guadalupe Mountains National Park also includes a hot, dry region in the low desert areas and green forested landscapes with cooler temperatures. Visitors can take advantage of the grand views, dramatic landscapes and historic sites such as the Butterfield Stage Trail and Sitting Bull Falls. Hiking and camping are permitted. For more information, call 915-828-3251 or visit www.nps.gov/gumo.

HUECO TANKS STATE PARK

This area derives its name from the huge basin-shaped rocks that catch and hold rain. The park features world-class rock climbing, hiking, picnicking and camping, as well as cave paintings that date back as far as 1500 B.C. It is located 20 miles east of El Paso on Highway 62. For more information, call 915-857-1135 or visit www.tpwwd.state.tx.us/park/hueco/hueco.htm.

OLD MESILLA

Only 45 minutes away from El Paso, this historic community has a distinct New Mexico feel through the surrounding fields of cotton, chile, pecan tree groves and vineyards. Once a stop on the old Butterfield Trail and home to Billy the Kid and other notorious characters, it is now host to eateries and shopping featuring a blend of Native American, New Mexican and Spanish influences.

RUIDOSO, NEW MEXICO

Ruidoso is nestled in the Sacramento Mountains and offers skiing at Ski Apache on Sierra Blanca. Hiking trails and campsites are abundant and the area features several art galleries and historical sites. Ruidoso also contains the Ruidoso Downs Racetrack with some of the world's most exciting horse races and the Museum of the Horse. For more information, call 800-253-2255.

WHITE SANDS NATIONAL MONUMENT

Located approximately an hour and a half northeast of El Paso in New Mexico, the pale white sand dunes of White Sands are formed from gypsum. Picnic facilities are also available. For more information, call 505-479-6124 or visit www.nps.gov/whsa/.

SPECTATOR SPORTS

COLLEGIATE SPORTS

The University of Texas at El Paso (UTEP) Miners: Football, Men's and Women's Basketball, Soccer, Track, Tennis. For the latest news, schedules and information, visit www.athletics.utep.edu.

POLO

Often referred to as the sport of kings, polo can be played at the Tarahumara Polo Club in La Union, New Mexico, approximately 20 minutes from northwest El Paso. Games are played nearly every weekend between May and September and are open to the public. For more information, call 505-589-7000.

The New Old West

PROFESSIONAL BASEBALL

El Paso is home to the El Paso Diablos, one of the top minor league baseball teams in the country. The Diablos, a AA team affiliated with the Arizona Diamondbacks, have provided an exciting brand of family entertainment in El Paso since the 1974 season. Cohen Stadium, located in northeast El Paso, holds up to 10,000 for baseball, and is one of the most fan-friendly parks in the country. For more information, call 915-755-2000 or visit www.diablos.com.

PROFESSIONAL ICE HOCKEY

El Paso Buzzards, a Western Professional Hockey League Team. For more information, call 915-581-6666 or visit www.buzzards.com.

PROFESSIONAL SOCCER

The El Paso Patriots Soccer Team, a USISL select division professional soccer organization since 1990. For more information, call 915-771-6620 or visit www.elpaso-patriots.com.

RUGBY

El Paso Scorpions Rugby Team. For information, call 845-7825.



RESOURCES ON THE WEB

EL PASO

City of El Paso Department of
Economic Development

www.ci.el-paso.tx.us
(915) 533-4284

Fort Bliss

www.bliss.army.mil
(915) 568-2121

The Greater El Paso Chamber of Commerce

www.elpaso.org
(915) 534-0523

GENERAL ECONOMIC INFORMATION

LOCAL

Border Trade Data

www.tamu.edu/coba/txcntr
www.bordercross.tamu.edu/plans_docs

Institute for Policy & Economic
Development

www.iped.utep.edu
(915) 747-5336

STATE OF TEXAS

Texas Comptroller of Public Accounts

www.cpa.state.tx.us
(800) 531-5441

Texas Department of
Economic Development

www.tded.state.tx.us
(512) 936-0100

Texas Real Estate Research Center

recenter.tamu.edu

Texas State Data Center

txsdc.tamu.edu

Texas Transportation Institute

tti.tamu.edu

Texas Workforce Commission

www.twc.state.tx.us
(512) 491-4808

UNITED STATES

Bureau of the Census

www.census.gov

Bureau of Economic Analysis

www.bea.doc.gov

Bureau of Labor Statistics

www.bls.gov

Economic Development Administration

www.sec.doc.gov/eda/

Federal Interagency Council on
Statistical Policy

www.fedstats.gov

Regional Economic Information System

fisher.lib.virginia.edu/reis/msa.html

Small Business Administration

www.sba.gov

MEXICO

Instituto Nacional de Estadística,
Geografía, e Informática (INEGI)

www.inegi.gob.mx

RESOURCES ON THE WEB

EDUCATION

SCHOOL DISTRICTS

El Paso Independent School District
120 N. Stanton, El Paso, TX 79901
www.elpaso.k12.tx.us
(915) 834-5000

Socorro Independent School District
12300 Eastlake Dr., El Paso, TX 79927
www.sisd.net
(915) 860-3400

Ysleta Independent School District
9600 Sims, El Paso, TX 79925
www.ysleta.isd.tenet.edu
(915) 434-0000

COLLEGES AND UNIVERSITIES

El Paso Community College
P. O. Box 20500, El Paso, TX 79998
www.epcc.edu
(915) 831-2000

New Mexico State University
Las Cruces, NM 88003-8001
www.nmsu.edu
(505) 646-0111

Park University
639 Merritt Rd., Ft. Bliss, TX
www.park.edu
(915) 562-8450

University of Phoenix
Box 899, Santa Teresa, NM 88008
www.uophx.edu
(505) 589-0116

The University of Texas at El Paso
500 W. University Ave., El Paso, TX 79968
www.utep.edu
(915) 747-5000

Webster University
Bldg. 632, Taylor St., Ft. Bliss, TX 79906
www.webster.edu
(915) 562-8635

ASSISTANCE PROGRAMS

Texas Manufacturing Assistance Center
www.tmac.org
(915) 747-8622

Texas Natural Resources
Conservation Commission
www.tnrcc.state.tx.us
(915) 778-9634

PUBLICATIONS

El Paso Inc.
www.elpasoinc.com
(915) 534-4422

El Paso Times
www.elpasotimes.com
(915) 546-6100

LOCAL GUIDES

Cd. Juárez City Guide
<http://juarez.info>

El Paso Convention and Visitor's Bureau
www.elpasocvb.com

El Paso Scene
www.epscene.com

Stanton Street.com
www.stantonstreet.com

ACKNOWLEDGEMENTS

The City of El Paso's Department of Economic Development would like to express its gratitude to the following organizations and individuals for their assistance and contributions to this Profile and Economic Summary:

Alonzo King's Lines Ballet

Border Region Econometric Modeling Project,
University of Texas at El Paso

El Paso Independent School District

El Paso Times

Fernie Garcia, Photographer

Fort Bliss

Dr. Thomas M. Fullerton, Jr.,
Department of Economics and Finance,
University of Texas at El Paso

The Greater El Paso Chamber of Commerce

New Mexico State University

Rosenblum Gallery Commercial Photographers

Laura Trejo, Photographer

Socorro Independent School District

Texas Perspectives,
Economic Analysis and Public Policy

Texas Workforce Commission,
Labor Market Information

The University of Texas at El Paso

Ysleta Independent School District

*with special thanks to
Jody Schwartz Photography*



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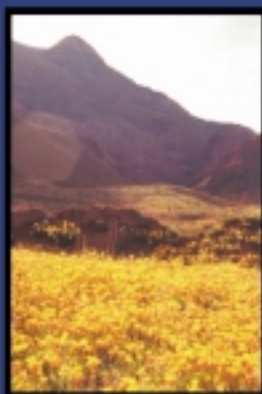
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